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TOMORROW'S **Weekend FT**

Make or break for the movie musical

World Business Newspaper http://www.FT.com FRIDAY DECEMBER 13 1996

Siemens to cut 6,000 jobs to boost efficiency

Siemens, the German electronics group, is to cut a further 6,000 jobs in its German operations over the next year in an effort to improve efficiency and profitability. It also reaffirmed a forecast of no further profits growth in the financial year ending in September 1997. Page 23

IBM's Irish move: Ireland secured its biggest foreign investment when International Business Machines unveiled plans to build a $350m factory in west Dublin to make computer memory discs. The project will create 2,850 jobs. Page 8

BankAmerica to cut jobs and take a pre-tax charge of $380m in a restructuring of its activities, including closing 120 branches in California in favour of about 200 new ones in shopping centres. Plans for Europe are to reduce staff and restructure in mature markets while expanding in emerging markets, chairman David Coulter said. Page 23

Accord toward IT tariff ban: The European Union, Japan, Canada and US agreed to eliminate tariffs on most information technology products by 2000, but say countries covering about 90 per cent of total IT trade must agree to a draft accord by March 15. Page 22; No trade link to labour rights, Page 8

Court told of Andreotti's 'mob embrace': A former member of the mafia repeated in court his accusations that Giulio Andreotti, right, seven times prime minister of Italy, had met and embraced boss of bosses "Toto" Riina at a secret meeting in Palermo in 1987. The accusation was made by Baldassare Di Maggio, a former chauffeur and bodyguard, whose testimony was instrumental in leading to Riina's capture in 1993 after being on the run for 24 years. Page 2

Bid to end ban on British beef: The UK government will announce plans on Monday for a selective cull of up to 125,000 extra cattle in a last-ditch attempt to persuade the EU to ease its ban on British beef. Page 22

Scramble for Thomson resumes: Lagardère and Alcatel Alsthom indicated they were ready to do battle again early next year to buy the Thomson-CSF defence company now that France has said Thomson Multimedia will be privatised separately. Page 2

Brief break in Greek blockade: Greek farmers let a few foreign truckers through their barricades for the first time since blocking highways 15 days ago, but said they would resume their action. About 700 foreign trucks, mostly British, Dutch, Bulgarian and Turkish, have been stranded by the blockade.

Miami faces fiscal freeze: Corruption and mismanagement have brought Miami to financial crisis with a $68m budget shortfall that could see the Florida tourist city running out of money by March. The city has been given until January 2 to adopt a recovery plan. Page 5

Genetic engineering protests: A protest against genetically engineered feed grains was broken up by police in Hamburg while another was being staged near Rotterdam where a group blockaded a Unilever plant.

Freeway plan for rail freight: EU transport ministers agreed guidelines for trans-Europe rail-freight "freeways" to try to halt a shift to road hauliers. Railway share of freight fell from 31 per cent in 1970 to under 15 per cent in 1994 while road freight went from 49 to 71 per cent.

Drug money ring smashed in Spain: Spanish police say they smashed a money-laundering operation that may have handled $230m in illegal drug money over three years.

FT journalists honoured: Financial Times reporters Jenny Luesby and William Lewis were commended in the Scoop of the Year category in the 1996 Industrial Society Journalism Awards for their coverage of low pay in the UK textiles industry. Roger Taylor was named medical insurance journalist of the year. This prize was sponsored by Norwich Union Healthcare and the Medical Journalists' Association.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6,387.91	(-14.61)
NASDAQ Composite	1,307.51	(-14.61)
Europe and Far East		
CAC40	2,212.11	(-1.17)
DAX	2,847.08	(+6.03)
FTSE 100	3,990.7	(+8.2)
Nikkei	20,501.20	(-87.18)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	4.959%
Long Bond	96⅝
Yield	6.623%

OTHER RATES

UK: 3-mo Interbank	6⅜%	(6¼%)
UK: 10 yr Gilt	98¾	(99⅝)
France: 10 yr OAT	104.73	(104.98)
Germany: 10 yr Bund	102.20	(102.61)
Japan: 10 yr JGB	103.8185	(103.827)

NORTH SEA OIL (Argus)

Brent Dated	$22.415	(22.89)

GOLD

New York Comex		
(Feb)	$370.5	(370.8)
London:		
close	$368.5	(368.6)

DOLLAR

New York: lunchtime		
£	1.6557	
DM	1.542	
FFr	5.22	
SFr	1.313	
Y	113.42	
London:		
£	1.6582	(1.6557)
DM	1.5439	(1.5412)
FFr	5.2231	(5.2177)
SFr	1.3135	(1.313)
Y	113.355	(112.85)
Tokyo close:	Y 112.8	

STERLING

DM	2.5601	(2.5518)

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lit 18.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$30	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh18	Slovak Rp	Sk75
Cyprus	C£1.30	Iceland	IKr260	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kc70	India	Rs75	Nigeria	Naira125	Spain	Pta250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 28	Japan	Y500	Pakistan	Rs50	Syria	S£90.00
Finland	FM16.00	Jordan	JD1.75	Poland	Zl 5.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils 750	Portugal (m'land)	Es285	Turkey	L120,000
Germany	DM4.00	Lebanon	LL3500			UAE	Dh13.00

Bonn stance on euro likely to cloud atmosphere at ministers' talks

Germany sets hard terms for Emu deal

By Lionel Barber in Dublin and John Kampfner in London

Germany yesterday set tough terms for a deal on rules enforcing fiscal discipline in the future single currency zone, clouding the atmosphere before today's Dublin summit of European Union leaders.

As EU finance ministers gathered in the Irish capital in a bid to reach an eve-of-summit agreement on the German-backed budget stability pact, Chancellor Helmut Kohl told the Bundestag, the German parliament, that he was confident a deal could eventually be reached.

But Mr Kohl was vague about the timing for a deal, adding that it had to convince the public that the future single currency – the euro – would be durable and stable.

Mr Theo Waigel, German finance minister, said rules for enforcing penalties against countries running excessive deficits had to be "transparent and unequivocal". Exceptions had to be defined as narrowly as possible.

Diplomats said failure to strike a deal would sour the mood among EU leaders, who are already divided over the pace of future European integration, the chief theme at the EU's intergovernmental conference. The IGC is supposed to prepare for future EU enlargement to eastern Europe.

Failure to agree a stability pact would not necessarily scupper the timetable for economic and monetary union which is due to be launched on January 1 1999. But it would knock financial markets' confidence in Emu.

The stability pact row has exposed a cultural gulf between Germany and the rest of the EU, including France, which is pressing for political discretion on the imposition of penalties. Bonn fears lax fiscal discipline could be a recipe for inflation and a weak euro.

As finance ministers struggled to narrow differences over the stability pact, there was some feeling that only the personal endorsement of Mr Kohl would give a deal enough credibility to win over a sceptical German public. Polls show almost two thirds of Germans are fearful about giving up the D-Mark.

One EU diplomat speculated that the Germans might carry out their earlier threat to delay a deal until the Amsterdam summit in June 1997, using the stability pact as a lever to extract better terms in the IGC's negotiations on political integration.

Germany is insisting on near-automatic fines against countries running public deficits in excess of 3 per cent of gross domestic product – unless there are clearly defined "temporary and exceptional" circumstances such as a disaster or recession.

It wants to limit the definition of a heavy recession to a fall in gross domestic product of either an average 1.5 per cent over four quarters or a year-on-year drop of 2 per cent. But with the exception of the Dutch, all other countries want to give ministers the final word on imposing fines.

Mr Malcolm Rifkind, UK foreign secretary, said the UK would retain its "wait and see" policy on Emu, irrespective of the findings of a Treasury paper on attempts by EU member states to "fudge" the convergence criteria.

However, Mr Rifkind struck a more sceptical note on the final day of a two-day House of Commons debate on Europe, making clear the government would resist "unnecessary" moves to integration.

He criticised Mr Jacques Santer, European Commission president, for warning last week that Britain was approaching the "hour of truth".

Earlier, Mr John Major, UK prime minister, attempted to reassure his Eurosceptic backbenchers, by saying he was to prevent dilution of the national veto at the intergovernmental conference.

Trying to allay fears, Page 2

Chancellor Helmut Kohl addresses the German parliament, the Bundestag, yesterday, outlining his policies before the European Union summit in Dublin today and tomorrow Reuter

Handelsbanken in $3bn bid for mortgage bank

By Greg McIvor in Stockholm

Svenska Handelsbanken, Sweden's biggest bank, last night launched a spectacular SKr22.9bn (US$3.37bn) takeover bid for Stadshypotek. The move dealt a blow to Skandia, the Swedish insurer, which had offered to merge with the mortgage bank.

Handelsbanken secured agreement from the government to buy its 34 per cent stake in what is believed to be Sweden's largest cash offer. Skandia, which had offered an SKr21.1bn all-share deal, said it would not withdraw, but would not raise its offer.

Mr Arne Martensson, Handelsbanken chief executive, believed its bid would succeed, assuming approval by Sweden's competition authority. "A higher cash bid is always better than a lower bid paid in a weaker currency," he said.

He said Handelsbanken was offering SKr180 a share for the government's holding and SKr190 to other shareholders. He predicted the deal would raise Handelsbanken's cumulative profits by SKr1.76bn over five years if expected synergy and rationalisation benefits arose, or SKr1.1bn in its "worst case" scenario. Mr Erik Asbrink, Swedish finance minister, said Handelsbanken's bid was worth SKr700m more to it than Skandia's. "Svenska Handelsbanken has made the best offer," he said, highlighting Handelsbanken's pledge to make no redundancies at Stadshypotek.

He said the state reserved the right to accept a higher bid, but "there are no signs of that at present".

Lex .... Page 22

Investors responded by driving up Handelsbanken's shares SKr7.50 to SKr196 in late trading. Stadshypotek's stock jumped SKr6 to SKr188. Skandia's shares closed up SKr4 at SKr190.

Analysts were less impressed by Handelsbanken's foray. Mr Peter Thorne, banking analyst at Paribas Capital Markets in London, was surprised by Handelsbanken's move into the stagnant mortgage lending market and believed its shareholders' enthusiasm would cool.

"[Handelsbanken] is making the classic mistake of going for size for the sake of it," he said. "It is already in the mortgage business and is taking market share from Stadshypotek."

Stadshypotek, which has recommended Skandia's offer, would not comment until its board had considered the Handelsbanken proposal. Mr Sven Söderberg, Skandia chairman, ruled out a higher bid but suggested the insurer could still match Handelsbanken – presumably if Skandia's share price rose further.

Handelsbanken's offer, constituting a 10 per cent premium above Skandia's, sur

Continued on Page 22

Australian life group plans a market listing

By Nikki Tait in Sydney

AMP, Australia's largest life insurance group and biggest stock market investor, yesterday announced plans to shed its "mutual" status in favour of a conventional corporate structure and list its shares on the stock exchange.

If the plan wins the backing of AMP's 2.3m members, it is likely to take place in late 1998. AMP would then rank among Australia's top 10 listed companies and could account for about 3 per cent of the All-Ordinaries index.

The life office said yesterday that members' capital on listing would stand at around A$8bn-A$10bn (US$6.3bn-US$8bn), although it declined to speculate on precisely what its stock market price tag would be.

Explaining the board's decision to recommend the plan, Mr Ian Burgess, chairman, said directors believed that "a different structure was both necessary and appropriate for the future".

Mr George Trumbull, its US-born managing director, has argued that demutualisation would help change the internal culture and give AMP a more aggressive, commercialised focus.

Yesterday, Mr Trumbull that said the new structure would provide "more flexibility in how we use our capital and how we respond to different and changing markets in Australia, New Zealand and the UK - and potentially in other countries in which we may operate".

With a "triple-A" rating, AMP has no immediate need for new funds - although a capital-raising at the time of the listing is not ruled out.

If the deal proceeds, AMP's will be allocated shares in exchange for their current "membership rights".

No decision has been made on whether to provide members with a cash alternative.

The AMP has about 1.8m

Continued on Page 22
Lex, Page 22
AMP gives in, Page 26

Vendôme in Swiss watch deal with Sheikh Yamani

By Christopher Price in London and William Hall in Zurich

Sheikh Zaki Yamani, the former Saudi Arabian oil minister, has sold his controlling interest in Vacheron Constantin, the luxury Swiss watchmaker, to Vendôme Luxury Group, owner of the Cartier, Piaget and Baume & Mercier watch brands.

No price was disclosed but analysts suggested the deal was worth about SFr70m ($53m). The group, whose timepieces command prices ranging from £3,000 ($4,900) to hundreds of thousands of dollars, was founded in Geneva in 1755. It claims to be the world's oldest watchmaker.

The acquisition marks another addition to the array of luxury brands owned by the Rupert family of South Africa. It controls Richemont, the Swiss holding group, which owns 70 per cent of Vendôme. The latter was created in 1993 after the splitting off of the Rothmans tobacco business and the merger of Luxco and Dunhill Holdings.

The deal comes at a time when the Swiss watch industry has been hurt by the strong Swiss Franc. Watch exports fell 3.4 per cent in the first nine months of the year.

Although Vendôme increased watch sales by 13.4 per cent in the first half of the year, several smaller watch manufacturers have faced difficulties, particularly in East Asia where there has been a drop in tourist spending.

Mr Frederick Hasslauer of Bank Sal. Oppenheim in Zurich, said yesterday's deal reflected the pressures for consolidation among watchmakers.

Success in the industry was increasingly dependent on having a global reach, he added. SMH, the world's biggest watchmaker, bought Blancpain, a small Swiss luxury watchmaker, in 1992 and has used its marketing strength to exploit Blancpain's international brand name.

Nevertheless, it is rare for famous brand names to come on to the market. Vacheron Constantin sold about 11,000 watches last year, which puts is ahead of Blancpain.

However, analysts suggested that on the basis of the rumoured price of SFr70m, Vendôme was getting a bargain since that price was roughly one times sales. By contrast, Tag Heuer, a luxury Swiss watchmaker floated in September, is valued at more than twice sales.

At this year's Basle clocks and watches trade show, Vacheron Constantin launched its "Jalousie" watch, a mechanical timepiece in 18ct pink gold.

Mr Joseph Kanoui, chairman of Vendôme, said: "The development of Vacheron Constantin will be pursued in accordance with the philosophy of the Vendôme group which respects the identity, the individuality and the autonomy of each of its brands."

CONTENTS

Global banking made in Germany.

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Rivals set sights again on Thomson

By David Buchan in Paris

Lagardère and Alcatel Alsthom indicated yesterday they were ready to do battle again early next year to buy the Thomson-CSF defence company, after the government announced late on Wednesday night that Thomson Multimedia would be privatised separately at some later date.

In saying it was "still interested", however, Alcatel showed itself slightly more guarded than Lagardère, which said it was "still a candidate" to buy Thomson-CSF.

Both French companies said they awaited detailed sale conditions from the government before taking a firm decision.

In the first failed attempt to privatise the entire Thomson group, Lagardère had proposed to sell on Multimedia to Daewoo of Korea. Alcatel, by contrast, saw some synergy between Multimedia's television activities and its own predominantly civil electronics and telecommunications business.

In recent weeks, Dassault Aviation and state-owned Aérospatiale, which are supposed to be putting the finishing touches to their own aircraft merger, have voiced disappointment at not having the chance to combine Thomson-CSF's radar and missiles and their aircraft in a new "vertically integrated" combine. Any chance of a bid by Dassault Aviation, however, seemed foreclosed by the government's statement that it wanted to create "a professional and defence electronics" grouping around Thomson-CSF.

Having cleared the ground for a fresh start in time for President Jacques Chirac's much-billed television interview last night, the government admitted the mess created by the first attempt at privatisation. "We have lost time, placed the companies concerned in a difficult situation and created damaging tension with Daewoo and Korean leaders," confessed Mr Jean Arthuis, the finance minister.

The Federation of Korean Industries has protested to the French government, hinting that other projects such as Seoul's purchase of French TGV trains could suffer. However, a Daewoo official yesterday reiterated the company's determination not to walk away. "Yes, we still want to take over Thomson," Daewoo's vice-president, Mr Nam Kwihyen, said in Seoul. "But we have to wait for the French government's decision."

Mr Arthuis said the Koreans should not think the French government had been behind the objections raised by the independent privatisation commission. While he expressed contrition at what had happened, Mr Arthuis said he could not imagine the Korean company would indulge in any "blackmail" by, for instance, trying to torpedo the new privatisation by appealing to the European Commission.

"Daewoo can be a candidate" eventually to buy Multimedia, Mr Arthuis said, though he could offer no date for its privatisation. This may now be after parliamentary elections in spring 1998. Multimedia first needed recapitalisation to the tune of FFr10bn ($2bn), he said.

Before finalising its new procedure, the government is taking advice on the interpretation of French law which sets rules for the sale of "second order" state-controlled companies like Thomson-CSF. These are slightly different from those on first rank state enterprises like Thomson SA, the shell company that holds 100 per cent of Multimedia and 58 per cent of Thomson-CSF.

After the government chose it in October, Lagardère revealed that its bid valued Thomson-CSF at slightly more than FFr18bn, composed of FFr10.8bn to buy the government's 58 per cent stake and an offer of up to FFr7.8bn to buy out minority shareholders. Alcatel never revealed any separate price, but its overall bid, taking account of group debts, was almost identical to Lagardère's.

Lex, Page 22

New Swedish N-power row

By Greg McIvor in Stockholm

Sweden's industry minister, Mr Anders Sundström, has stirred up a new political storm over the minority Social Democratic government's programme to close down the country's nuclear power industry.

He said in a newspaper article that he opposed a "panic phase-out", and dismissed demands for the first reactor be shut before the general election in 1998 as "an exercise in dates".

Two of the government's key allies on the nuclear issue, the Centre and Green parties, accused the Social Democrats of backtracking on a pledge to close the first reactor by the end of 1998.

The Centre, which has an extensive unofficial alliance with the Social Democrats, refused to say if it would continue to take part in talks on decommissioning. The Greens threatened to pull out unless the 1998 deadline was restored.

Mr Sundström has been under pressure from Swedish industry and trade unions not to commit himself to a timetable, amid fears that the closure of the nuclear power plants would drive up electricity prices and undermine industrial competitiveness.

The industry ministry insisted yesterday it remained hopeful of reaching a broad agreement on the phase-out programme by the end of the year.

In an attempt to woo doubters, Mr Sundström has stressed the winding down will only proceed in step with development of alternative, sustainable fuels such as solar, wind and bio-energy.

He said yesterday the government was considering taking over Sweden's international electricity lines to ensure no nuclear or other "unsustainable" power was imported after the start of the phase-out.

Bonn is not seeking to dominate Europe, says Chancellor, and is ready to cede sovereignty

Kohl tries to allay fears about Germany

By Ralph Atkins in Bonn and Lionel Barber in Dublin

Chancellor Helmut Kohl yesterday defended Germany against criticism that it is seeking to dominate Europe.

Opening a debate in the Bundestag, the lower house of parliament, on the future of the European Union, Mr Kohl said Germany did not want more influence than any other member state and was committed to making political integration in Europe "irreversible".

His comments address concern elsewhere in Europe that a united Germany is becoming the preponderant economic and political power on the continent, and is setting the terms of economic and monetary union.

The European parliament yesterday agreed a European Union budget for 1997 which showed no growth in real terms, Reuter reports from Strasbourg.

The effort to contain the Union's spending is in line with the struggle by national governments to curb their own budgets ahead of economic and monetary union, expected in 1999.

Mr Hugh Coveney, budget minister of Ireland, which hold the current EU presidency, said afterwards that the budget was satisfactory because it respected the ceiling ministers had placed on EU spending. Mr Erkki Liikanen, budget commissioner, also considered it "quite satisfactory".

Overall, the parliament agreed a budget of Ecu89.14bn ($110bn) compared with Ecu86.53bn this year.

MEPs agreed a compromise on financing for European rail and road networks, research and the peace process in Northern Ireland This involved using savings in other policies and drawing on the separate foreign policy budget. The battle over additional money for transport networks has been at the core of Commission plans to spur job creation.

The Chancellor stressed that Germany was ready to cede political sovereignty. Majority voting should be the norm in the decision-making Council of Ministers, save in specific exceptional circumstances.

He added that a more populous Germany would not seek to break the current parity in voting weights which it holds with France and Britain, and would take into "appropriate" account the interest of smaller states.

The issue of voting weights and the balance of power between small and large countries is one of the thorniest in the EU's inter-governmental conference due to be concluded in Amsterdam next June.

In his speech, Mr Kohl stressed the EU's internal and external security policy. Tackling the drugs mafia and terrorism was a central task for Europe. He looked forward also to the convergence of the EU and the Western European Union, the defence group, with the goal of its eventual integration.

"In spite of recent criticism of the European Union, the federal government and myself personally are determined to do everything to make the integration process irreversible," the chancellor said. Integration was and remained "the effective insurance" against nationalism and war.

Completion of an economic and monetary union was needed, Mr Kohl said, to build on the success of the European single market.

His firm rather than strident line was almost certainly influenced by opinion polls suggesting German voters remain sceptical about the single currency.

A Stern magazine poll yesterday showed more than 60 per cent view currency union with fear and less than 20 per cent "with hope".

Meanwhile, Mr Kohl's Christian Democratic/Christian Social Union came under pressure in the Bundestag from opposition parties demanding higher priority for tackling Germany's high level of unemployment.

Mr Rudolf Sharping, leader of the Social Democratic party in the Bundestag, called for a "European growth and employment pact", while Mr Joschka Fischer, parliamentary leader of the Greens, accused the federal government of "stability fetishism".

Dubliners get a taste of the euro

By John Murray Brown in Dublin

Irish drinkers yesterday had an early taste of the dual pricing which is likely to accompany the run-up to the introduction of the European single currency. Regulars at Foleys on Dublin's Baggot street seemed unimpressed.

"Does this mean we get less wages?" said one drinker, puzzled as to why a pint of stout costing I£2.15 is likely to cost E2.69 when consumers start spending euros in 2001 or 2002.

"We were promised bigger glasses when they gave us decimalisation, but that never came. I suppose we'll have to go dry," said another.

In Reillys, where John Major once drank a pint of porter, the barmaid takes a more constructive view: "Doesn't this mean we won't have to change money when we go on holiday?"

To welcome European Union heads of state, who begin their two-day summit in the Irish capital today, pubs around the city put up posters telling drinkers how much their tipples are likely to cost in euros.

The posters, distributed by the Licensed Vintners Assocation, assure any political leader sampling the local brews that "the actual euro/punt exchange rate will not be finalised until later". The notional rate of 80p to one euro – or E3 for a pint of lager, as one senior official preferred – was for illustration only.

EAN, an organisation which promotes the use of barcodes, has sent a similar poster to retailers, with the slogan "The euro is coming". But the fever gripping official Dublin showed little sign of spreading.

The attempt to raise awareness follows this week's launch by Mr Ruairi Quinn, the finance minister, of Ireland's Emu Business Awareness Campaign.

Asked about comments said to have been made by a visiting Bank of America economist casting doubt on Emu's timing, Mr Quinn showed some irritation. "You're referring I believe to an Englishman working for an American bank. That makes him doubly prejudiced. Don't discount the strategy of the Americans, who are not interested in seeing a strong European currency. And we know the British attitude."

Zil's famously large limousines line Downing Street, having been brought specially to London on the occasion of President Boris Yeltsin's visit in 1992 — Trevor Humphries

Russian motor-maker takes another road to capitalism

The once-prestigious Zil has become part of the struggle over how economy should be privatised, writes Chrystia Freeland

Russian television viewers are being wooed by an advertising campaign by Zil, once the Soviet Union's most prestigious car and truck manufacturer. As grainy images of Soviet worker-heroes and gargantuan assembly-lines flash across the screen, a voice intones: "After all that Zil has done for us, it is time for us to do something for Zil."

The appeal is part of a campaign launched by Mr Yuri Luzhkov, the powerful mayor of Moscow, to revive Zil's fading fortunes and marks the latest stage in the struggle over how Russia's economy should be privatised.

Mr Luzhkov lost the first round to his arch-rival, Mr Anatoly Chubais, the radical reformer whose mass privatisation scheme transferred more than 80 per cent of Russian industry into private hands. Two years later, Mr Luzhkov, a candidate to succeed President Boris Yeltsin in the Kremlin, has rejoined the fight and he has chosen Zil as his battleground.

This autumn the Moscow city government spent $8m on a controlling stake in the struggling manufacturer, bringing Zil back into state hands less than four years after it had been privatised. Mr Luzhkov intends to use municipal ownership of Zil to show how industrial titans should be shepherded into capitalism: not by the unreliable, invisible hand of market forces, but under the careful guidance of a wise government.

"This is to show how one should work with the privatised system," Mr Luzhkov explained in a recent interview. "In many cases privatisation has already taken place but it has been a failure. The state must find honourable ways out of this difficult situation."

Using its considerable financial and political muscle, the city has begun to resuscitate the company. Moscow made a direct contribution, agreeing to buy 1,000 trucks this year, an order worth about $20m. The city also helped Zil slash its expenditures, transferring its social operations to the municipal government, saving Zil Rbs10bn ($1.8m) a month.

More importantly, the acquisition has brought Zil into the empire of a political boss few Russians wish to offend. With city backing, Zil has secured a Rbs200bn loan from a syndicate of commercial banks brought together by Mr Luzhkov. The city has begun to use Zil vehicles in barter trades with suppliers. The mayor also organised a Zil road-tour around central Russia urging regional leaders to support the Moscow factory.

Employees seem delighted with their new patron. "What has happened here is one of the rare cases when an enterprise has at last found a good owner," said Mr Alexander Titov, the chief engineer. He said the city's involvement, and the subsequent pick-up in production – which is expected to jump to 4,500 vehicles in the fourth quarter of this year after dropping to 3,000 in the first nine months – have boosted the morale of the entire enterprise.

He also hinted that Microdean, the computer retail company which had acquired a controlling stake in Zil, was more interested in stripping assets than in making cars. One technique Mr Titov claimed Microdean used to channel money out of the struggling company was to lend Zil money through a Microdean subsidiary which charged "barbaric" penalties for late payment. Thanks to daily 1 per cent fines, Zil's initial borrowing of Rbs175bn swelled to Rbs681bn in less than two years.

But, as Mr Titov proudly reports, after Mr Luzhkov's intercession, Microdean agreed to reduce the figure to Rbs200bn.

The conflict between production-oriented Soviet-era management and aggressive new owners has been played out at hundreds of factories across the country. The fledgling entrepreneurs have lacked the massive capital required to make the ageing red giants profitable and their attempts to make money by shutting them down and selling off their assets have proven politically explosive.

As a result, privatisation has often failed to deliver effective restructuring. Radical reformers say the only way to ensure it occurs is to impose tougher budget constraints on failing factories and to give teeth to bankruptcy laws. Mr Luzhkov has a different solution, which could prove more popular with the millions of Russians who share the attitudes of Mr Titov, who has worked at Zil for 14 years.

Although Mr Titov, who is 39, admits that an 18-year-old secretary at a commercial bank "earns more than I do and is paid more promptly", he has resisted the lure of private sector. "Some of my friends, highly qualified engineers, spend their days hawking government tax exemptions [a tradeable security] or treasury bills," he says. "I do not have the taste for that. Our country cannot live on hot air and oil exports forever. Someday, someone has got to go back to producing things."

From his vantage point in the Zil boardroom, Mr Luzhkov is promising Russians across the country a return to the days when "producing things" was the nation's priority. It is a campaign which is likely to dominate the country's economic debate over the next few years.

If Mr Luzhkov has his way, it might also become the leitmotif of Russia's next presidential elections.

Andreotti 'embraced Mafia boss'

By Robert Graham in Rome

A former member of the Mafia yesterday repeated in court accusations that Mr Giulio Andreotti, seven times prime minister of Italy, had met and embraced Mr "Toto" Riina, the boss of bosses, at a secret meeting in Palermo in 1987.

The accusation was made by Mr Baldassare Di Maggio, a former chauffeur/bodyguard to Mr Riina whose testimony was instrumental in leading to the latter's capture in 1993 after being on the run for 24 years.

It is one of the most damaging allegations against Mr Andreotti since his trial began this autumn in Palermo on charges of alleged links with Cosa Nostra, the umbrella organisation of the Sicilian Mafia.

Mr Di Maggio told a hushed court-room in Rome he had arranged a meeting for Mr Riina with Mr Salvo Lima, a leading Christian Democrat politician and the head of Mr Andreotti's party faction in Sicily.

"As soon as Riina and I got into the room Mr Lima and Andreotti got up; and Riina greeted him with a kiss on the cheeks – one on the right and the other on the left. I shook hands with the senator (Andreotti), and then left the room," he said.

The meeting, he said, lasted three hours and was held in the house of the late Ignacio Salvo, a Sicilian businessman linked to the Mafia. "I know Andreotti has denied this episode; but this is the truth – a truth which only I and Senator Andreotti can know."

Mr Andreotti attacked the credibility of Mr Di Maggio: "Lies, mere lies which I have been hearing for three and a half years and I know will keep on hearing for some time!" He claimed Mr Di Maggio was lying to ensure he continued to be covered by a witness protection programme. "Of course he confirmed the kiss; but I hope he repents both for his lie and for the slander."

The prosecution alleges Mr Andreotti had to meet Mr Riina because the Mafia boss was threatening to eliminate Mr Lima for failing to deliver continued political protection. The meeting allegedly occurred on September 20 when Mr Andreotti was in Palermo. On that day there is a four-hour lunch-time gap when not even his bodyguards knew where Mr Andreotti was.

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Little to celebrate in Turkish human rights week

Ankara insists that the fight against terrorism must come first, but its record of abuses is increasing its international isolation, reports John Barham

It is human rights week in Turkey, but there is little to celebrate. Human rights workers counted 59 extra-judicial killings, 166 "disappearances" and 171 cases of death from torture between January and October. In October alone, 158 people were imprisoned for violating security laws that limit freedom of expression.

Turks are sweeping international human rights prizes. This week Reporters sans Frontières, the Paris-based journalists' association, awarded its annual prize to Mr Işik Yurtçu, editor of a pro-Kurdish newspaper. He was jailed in December 1994 under Turkey's anti-terrorism law.

Earlier this month, a group of women won the International League for Human Rights medal for their weekly vigils in Istanbul protesting against political killings, torture and "disappearances" – abduction of political dissidents by security police.

Although violations have declined over the past two years, campaigners say the grim statistics tell only part of the story. A member of Turkey's Human Rights Foundation, which is organising this week's events, says: "Violations have become part of daily life... people think it is normal to be tortured by the police."

Furthermore, collecting information and defending victims in the mainly Kurdish south-east, where a bitter 12-year insurgency led by the Kurdistan Workers party (PKK) rumbles on, remain as dangerous as ever. The south-east suffers the worst abuses.

Turkey's human rights record is increasing the government's international isolation. Washington has blocked sales of ships and helicopters, citing human rights violations. In October, the European Parliament blocked aid to help Ankara implement a customs union with the European Union. Instead, it voted to focus help on human rights organisations, independent aid agencies and promoting democracy.

It also voted to review aid from the EU's programme for southern Mediterranean countries.

In the opinion of Mrs Tansu Çiller, foreign minister: "It is a sign of injustice to Turkey. This smashes Europe's understanding of democracy. In no way does it blemish Turkey." But MEPs are angry because they feel duped by her. She promised to improve human rights to win parliamentary approval for customs union last December and while Ankara did amend the constitution and rewrite its anti-terrorism law, violations continue.

Ankara still hopes customs union will culminate in full EU membership. But this remains as distant a prospect as ever, particularly as Turkey rejects Europe's emphasis on individual rights. The foreign ministry argues these must be balanced against the need to maintain national unity and combat terrorism.

Mr Sermet Atacan, foreign ministry spokesman, says: "Our critics in Europe regard the PKK problem as a human rights issue. It is a problem of terrorism and should not be confused with human rights." He recognises that "there are individual cases of [violations]. But we investigate, prosecute and punish [offenders]".

Yet Turkey has 688 cases awaiting examination by the European Human Rights Commission, part of the Council of Europe, the Strasbourg-based assembly that promotes democracy and human rights in Europe and which Turkey helped found in 1949. A Council official reports a "geometric increase" in cases brought by Turks against their government.

Ankara's defiant stance only worsens its isolation. Even its own defenders are giving up. In November, Mr Bakir Çaglar quit as Turkey's defence counsel at the Council of Europe. He was quoted as saying he would now work to "bring the country to a more defensible level of conduct".

The Islamist-led government of Mr Necmettin Erbakan says it is placing more emphasis on human rights than its predecessors, but it is threatening more legislation to muzzle the media. Still, in November it submitted a bill to parliament shortening the initial period of police detention for suspects. Human rights lawyers say torture is most common during initial detention periods. Mr Şevket Kazan, justice minister, has even promised "great efforts" to hunt down the "unknown killers" responsible for extra-judicial killings.

However, campaigners are used to promises and want action. Mr Carsten Jürgensen, Amnesty International researcher, says: "We look at the [announced] changes in policy and safeguards and ask why they have not been implemented."

Polly Peck, Page 10

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NEWS: EUROPE

EUROPEAN NEWS DIGEST

French pension plan weakened

Mr Jean Arthuis, French finance minister, yesterday backed down on a central proposal in the government's draft law on complementary pension funds, in a move which critics suggested would weaken their effectiveness.

Mr Arthuis told the Senate employers would be able to write off social security costs against payments into complementary pension funds only up to the existing 85 per cent ceiling of the maximum social security charges.

In the draft approved last month by the National Assembly, employers would have been able to gain exemption for any contributions to pension funds up to the larger limit of 2 per cent of the gross payroll. The proposition caused considerable criticism, with demands that the government make up the contributions shortfall to the social security system. The unions have attacked complementary pensions as a threat to the state pension system. The Senate is considering more than 120 amendments to the law. *Andrew Jack, Paris*

Belgian deputy PM cleared

Mr Elio Di Rupo, Belgium's deputy prime minister, was cleared yesterday of allegations that he had sex with minors, when a parliamentary inquiry ruled the evidence against him did not stand up. The majority decision of the 11-strong inquiry committee is expected to be endorsed by a full parliamentary vote, but some opposition parties denounced the decision as a cover-up.

Under Belgian law, only parliament can lift ministers' constitutional immunity from prosecution, or consult the supreme court on evidence against them. But, as a result of the Di Rupo case, parliament is expected shortly to vote on an amendment allowing allegations against ministers to be passed directly to the supreme court without first consulting MPs. *Neil Buckley, Brussels*

Bosnian joint prime ministers

Bosnia's three-man presidency yesterday appointed a Serb and a Moslem as joint prime ministers of the divided country. Mr Haris Silajdzic, former prime minister, will represent the Moslem-Croat federation and Mr Boro Bosic, former minister of industry in the Serb half of Bosnia, will share the post in a weekly rotation.

The two have a week to name the other members of their joint cabinet. They will be assisted by Mr Carl Bildt, the international civilian co-ordinator of Bosnia's peace, said Mr Michael Steiner, Mr Bildt's deputy. As well as the rotating premiership, the cabinet – the Council of Ministers – will include a Croat as deputy prime minister and foreign minister, a Serb as minister for civil affairs and communication and a Moslem as minister for foreign trade and economic relations. *AP, Sarajevo*

European car registrations dip

Western Europe's new car market sent out further conflicting signals about its state of health in November, falling by 5.2 per cent year-on-year after experiencing unexpectedly rapid growth in October. Statistics from the European Automobile Manufacturers Association yesterday showed November's total registrations in the 16 countries monitored fell to 903,300 last month from 952,400 in the month a year ago. The drop was accounted for mainly by a 21.8 per cent fall in registrations in France, where a government sales incentive scheme ended.

The French scheme was largely responsible for western Europe registrations leaping by 14.5 per cent year-on-year in October, as buyers scrambled to beat the deadline. However, other main markets held up better than expected. *John Griffiths, London*

Christopher 'insult' denied

French officials yesterday denied having intentionally insulted Mr Warren Christopher, outgoing US secretary of state. They were commenting on complaints from US diplomats – reiterated yesterday – that Mr Hervé de Charette, French foreign minister, had left the room during a speech on Tuesday by Mr Javier Solana, Nato secretary general, in praise of Mr Christopher.

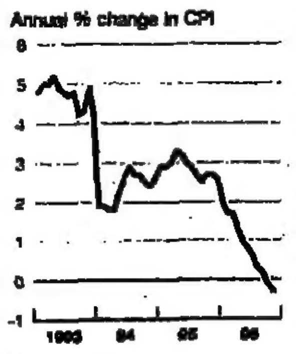
"It would seem that some people want to provoke a crisis in Franco-American relations, but that is not our intention," said Mr Gérard Errera, the French ambassador to Nato. "Mr de Charette is a courteous man" who could not have intended any rudeness to his US counterpart, he added. *Bruce Clark, London*

ECONOMIC WATCH

Swedish prices keep falling

Swedish inflation

Annual % change in CPI



Source: Datastream

Swedish consumer prices fell in November for the second month running, taking the annualised drop in prices to 0.3 per cent. Sweden, the only European country experiencing a negative annual inflation trend, last experienced it in 1959. Statistics Sweden said prices dropped 0.3 per cent from October to November, primarily because of lower food prices, particularly fresh vegetables and fruit. Housing costs fell 0.4 per cent, helped by lower interest rates. The net price index, which excludes indirect taxes and subsidies that affect prices, fell 0.5 per cent in November to an annual rate of -1.4 per cent. Economists said the price falls were bigger than expected and boded well for low wage agreements as the 1997 pay round gets under way. They also suggested they might prompt further interest rate cuts. *Greg McIvor, Stockholm*

■ Italy's retail sales index rose 6.3 per cent in August 1996, over the same month in 1995, and compares to a 2.5 per cent year-on-year rise in July 1996, the national statistics bureau Istat reported yesterday. *AP-DJ, Rome*

Italian vote boycott reflects party unease

Robert Graham reports on opposition reluctance to be excluded from all power for five years

Berlusconi (left) wants a grand coalition, D'Alema wants bipartisan agreements on issues of national importance

Italy's opposition parties have invented a novel parliamentary tactic which risks undermining the role of parliament itself.

The tactic consists of refusing to vote on provisions of the 1997 budget to protest against the government's refusal to take on board their objections to the financial package. The rightwing opposition, headed by Mr Silvio Berlusconi, the former premier, opted to take this line last month when the budget was being debated in the chamber of deputies.

In 1994 Italy adopted the first-past-the-post system for electing 75 per cent of the seats with the aim of having a more vigorous parliamentary democracy. But all parties are still reluctant to accept they have headed towards an Anglo-Saxon style system in which the winner takes all and the opposition is excluded from any power for the five-year life of the legislature.

This reluctance explains why Mr Berlusconi and his allies have blown hot and cold about doing deals with the centre-left government over the past eight months.

At one level they want to have a shadow cabinet and force their policies on to the government agenda. But equally no one can digest the thought of being on the outside for five years and there is a permanent temptation to cut deals with a weak government to enjoy a slice of power on committees and in public institutions. The government itself suffers from the same ambivalence and is instinctively consensual towards the opposition.

Since the start of the budget debate, the centre-left government has tried on several occasions to persuade the opposition to rethink its tactic of refusing to vote, which has also been adopted in the senate.

However, since last week the opposition has reaffirmed the decision to boycott budget discussion in the senate and the package will pass without problems, with the final vote due on December 19. The opposition has thus surrendered any chance of influencing the package, which is intended to put Italy's public finances on track to take part in the single European currency.

Not all those in the Berlusconi camp have been enthusiastic about this approach to parliamentary debate, especially the small centre parties linked to the defunct Christian Democrats.

Mr Berlusconi himself has on occasions hesitated, aware that boycotting such a vital piece of legislation as next year's budget creates an uncomfortable precedent in a mature democracy.

In the senate the government has an easy majority.

However, by taking no direct part in the debate, it has been easier to expose the contradictions that exist within the governing Olive Tree coalition.

Also, by disassociating itself from the 1997 budget, the opposition believes it will have greater ammunition when next year the financial package is proven inadequate to allow Italy to join the single currency.

The opposition parties seem uncertain whether this is a once-only tactic directed solely at the budget. They are currently debating whether to do a deal with the government over the running of the RAI state broadcasting network and a series of legislative programmes in return for Mr Berlusconi's television interests being protected.

The uncertainty reflects a broader confusion about the very role of the opposition in parliament. This is not as banal as it may sound, given Italy's post-war parliamentary history, which encouraged consensual power-sharing rather than opposition.

On the one hand, the system of proportional voting allowed a large number of small parties to proliferate, ensuring government was almost always by coalition. On the other, a real alternance in power was blocked by the effective veto placed on western Europe's largest communist party by the church and Nato.

Shortly, the role of the opposition will be put to the test over the vital question of constitutional reform. Parliament endorsed before the summer a special commission to draw up proposals for a thorough reform of the state apparatus.

The project will be stillborn without the support of a large segment of the opposition because of the big majority needed in parliament for changing any aspect of the constitution.

The opposition knows this and recognises it has a responsibility to carry out constitutional reforms. But opposition politicians still cannot reconcile themselves to the prospect of co-operating openly with the government on this and then opposing the government vehemently on other issues.

The idea of there being bipartisan issues of national interest has not yet taken root. Hence the only way round, according to Mr Berlusconi, is to form a grand coalition to govern Italy.

This idea is countered by Mr Massimo D'Alema, the leader of the Party of the Democratic Left (PDS) and the dominant partner in the government. He is pushing for a specific bipartisan agreement on constitutional reform which would probably involve a wider deal with Mr Berlusconi that would cover such issues as an amnesty for those under investigation for corruption.

This has surfaced again in recent days with an offer by Mr D'Alema to allow Mr Berlusconi a further six-month delay in implementing a court decision that threatens to remove one of his Mediaset's three TV channels and reduce the share of advertising. The trade-off would be Mr Berlusconi's backing for constitutional reform.

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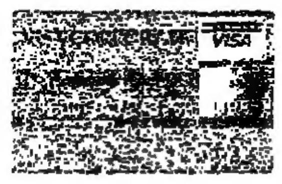

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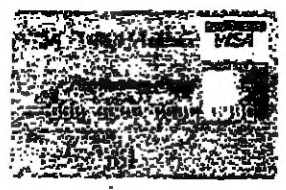

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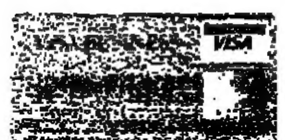

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New role for sanctions-beater Sasol

S Africa's oil-from-coal concern leads way in chemicals industry revamp, writes Motoko Rich

The South African government is turning to one of the central economic pillars of the apartheid years in the hope it can help generate thousands of the jobs so desperately needed now by the new non-racial democracy.

In the most effective sanctions-beating operation of the years of isolation, the sophisticated reactors of the synthetic fuels producer Sasol turned solid carbon from the country's vast coal resources into refined oil.

Sasol was so symbolic of the apartheid state's resilience that in 1980 three of its plants were sabotaged in the African National Congress's most spectacular guerrilla strike ever.

Today, Sasol and the South African government hope that the coal and Sasol's unique process will provide the building blocks for a globally competitive chemicals industry.

Investors have shown their confidence in Sasol's prospects recently, pushing the share price up R25 ($5.36) in the past year to R55.25 yesterday. Foreign investors, now aggressively courted by the company, hold about 15 per cent.

But some of the local downstream companies which depend on Sasol's raw materials believe their efforts to grow and compete in chemicals markets outside South Africa are being stymied by what they believe is a protectionist attitude at the former apartheid monolith.

Sasol, which was set up by the government in 1950 as a strategic energy source, argues that the protection it once enjoyed, even after its privatisation in 1979, is being phased out by the end of the century. As it attempts to raise its profile as a global chemicals player, it argues that it is competitive pressures, not its protectionism, which is making life difficult for its downstream customers.

The South African cabinet approved plans late last year to phase out Sasol's annual R1.1bn government subsidy – designed to protect it against cheaper imported crude oil – by 1997. Although the decision will cost Sasol about R3.4bn by 2000, the group believes it will offset most of that loss with enlarged revenues from its chemicals business.

The process by which Sasol makes liquid fuel generates a range of commodity and speciality chemicals as co-products, more than half of which is left, unrecovered, in the group's fuel streams. "There is significant unexploited potential," said Mr Andre de Toit, a Sasol director in charge of the chemicals business.

For only marginally more than the cost of producing fuel, Sasol is able to extract chemicals from the fuel stream. Whereas fuel sells for about $200 a tonne, specialised chemicals can command as much as $1,000 a tonne on the open market.

> The hope is that the country's abundant coal and Sasol's unique process will provide the basis for a globally competitive sector

"By de-emphasising fuels and shifting towards chemicals Sasol will gain on margins," said one analyst.

The group hopes to derive 50 per cent of its operating income from chemicals by the end of the decade. In the year to June 1996, chemicals contributed 28 per cent of its R3.168m pre-tax and pre-interest profits.

About 180,000 South Africans work in the chemicals industry, which accounts for 5 per cent of gross domestic product. The Department of Trade and Industry, which has set up a task force to examine growth prospects for the sector, would like it to contribute about 8 per cent.

The task force is developing proposals for a number of measures which might benefit the industry, such as technical innovation, investment in capital equipment and training initiatives. It is also identifying a number of constraints on the industry, including disincentives to foreign investment, such as foreign exchange controls and high transport costs, which make it difficult for companies to compete as exporters outside Africa.

Although the task force has set 150,000 new jobs as a target, some observers believe constraints on the industry's growth make that figure much too optimistic. "My initial reaction is that 150,000 jobs sounds too high," said Mr Paul Carter, analyst at ING Barings in Johannesburg.

Downstream customers believe their ability to create jobs is severely hampered by Sasol's monopoly position. Mr Doug Dejager, chairman of Lenco Holdings, a plastics packaging company based in Cape Town, said: "When there were sanctions, a siege economy developed, and people tended to build their infrastructure based on the protection they received from the government. Now they still have a protectionist mentality."

He said raw material manufacturers – namely Sasol and Polifin, a chemicals company formed when Sasol and AECI, the Anglo-American subsidiary, merged their petrochemicals and plastics interests – were able to charge domestic customers higher prices than those charged to export customers. But transport costs and import tariffs still made it prohibitively expensive for downstream converters to purchase their raw materials as imports.

Sasol says global chemical producers in Europe and the US nearly all charge their local customers higher prices than are charged in the export market. In order to compete in markets outside South Africa, Sasol and other commodity suppliers must sell their chemicals at the prices being charged by other global exporters. But in order to make its margin targets, it must charge higher prices to its domestic customers.

"This is a normal economic feature of the international petrochemicals market," said Mr de Toit. "If we sold in the local market for the export parity price, we would go bust."

It will take some time for downstream converters to adjust. Dr Vince Lovel, executive director of Sentrachem, the chemicals manufacturer, believes it is partly a matter of scaling back expectations. "We have to limit our aspirations in chemicals and concentrate on those areas where we can compete. This means I cannot honestly say we have a great petrochemical future in this country, but we have a *good* chemical industry future."

Trauma of truth, Page 21

Israeli settlers killed 'because of homes plan'

By Judy Dempsey in Jerusalem

The Popular Front for the Liberation of Palestine (PFLP) yesterday claimed responsibility for the murder of a Jewish settler and her young son near the West Bank town of Ramallah on Wednesday evening.

The PFLP said the killings were in response to plans by the Israeli government to build Jewish settlements in the heart of east Jerusalem and expand settlements in the West Bank. It said it would confront "with all available means the Israeli occupation forces and settlers".

The announcement coincided with the killing of a Palestinian worker by an Israeli farmer in southern Israel.

The PFLP, based in Damascus and led by Mr George Habash, is opposed to the 1993 peace agreement signed between Israel and the Palestine Liberation Organisation. It has been responsible for attacks against Israeli troops in southern Lebanon and in Israel.

The Palestinian Authority, led by Mr Yassir Arafat, did not officially condemn the killings and Mr Arafat, who is in Gaza, yesterday remained silent when asked about them.

"We are asking Mr Arafat to be consistent in his condemnation of violence, his commitment to crack down on these terrorists and to disarm them," an Israeli government spokesman said.

Mr Benjamin Netanyahu, the prime minister, said he would ask the Palestinian Authority to hand over the men responsible for Wednesday's killings. But, so far, the authority has never extradited anyone to Israel, instead putting them on trial in its own courts.

What concerns the Israeli government, the Labour opposition and even those within the Palestinian Authority is that Mr Arafat is not adopting a tough enough stance against the splinter groups within and outside the PLO. One of the reasons is his fear of losing popularity among Palestinians at the expense of galvanising support for Hamas, the radical Islamic movement, and other groups.

It was only after the attacks earlier this year by suicide bombers on Israeli citizens that Mr Arafat started clamping down, having come under pressure from Mr Shimon Peres, the former Labour prime minister, to do so.

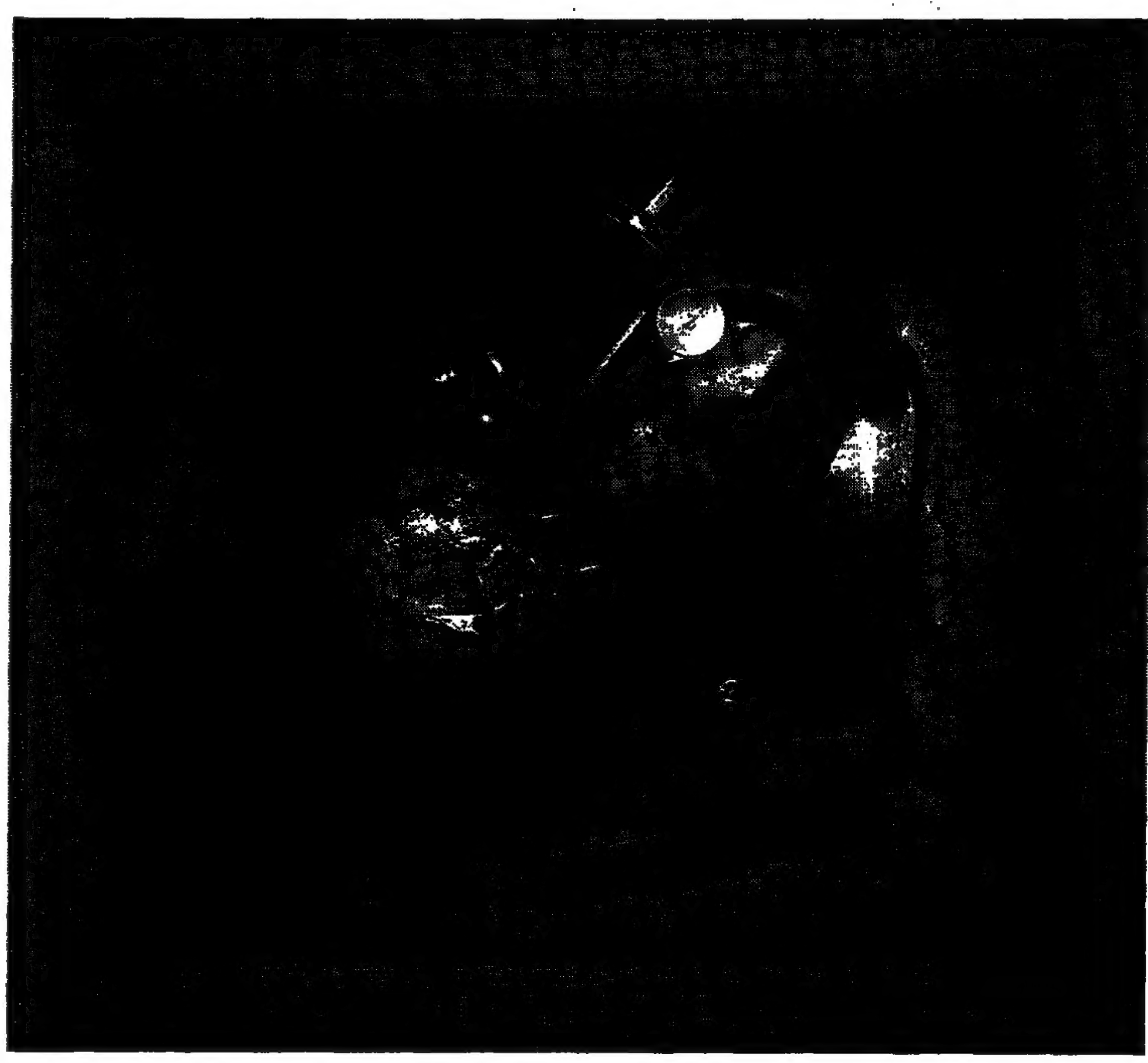
But that clampdown, combined with a tight control of the media backfired against Mr Arafat. His dwindling credibility was confirmed after he failed during the summer to muster support for a strike among Palestinians against the closures imposed by Israel on the West Bank and Gaza after the suicide bombings.

It was only when the Israeli government opened the tunnel in the old city of Jerusalem last September, against the backdrop of a virtual standstill in the peace process and the closures, that Mr Arafat could reassert his authority.

His call for demonstrations, which escalated into violence between Israeli and Palestinian police forces, unleashed months of resentment and frustration among Palestinians. It also restored the initiative to Mr Arafat.

The Israeli government is now waiting to see how the Palestinian Authority will respond to Wednesday's killings.

"We will not use the deaths as an excuse not to redeploy from Hebron," a government official said. "But we will not be threatened like this. We want to know where Arafat stands," he added, as much as the Palestinians want to know where the Israeli government stands on the peace process.



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INTERNATIONAL NEWS DIGEST

Hutus desert refugee camp

Plans for the mass repatriation of 500,000 Rwandan Hutus living in north-west Tanzania appeared to have backfired yesterday as more than 300,000 refugees abandoned their camps rather than return home.

The UN High Commissioner for Refugees (UNHCR) said the refugees had poured out of six main camps in the Ngara region, heading east towards a forested game reserve, away from the border with Rwanda.

"It was extremely well planned and well orchestrated. They waited to receive their food rations, which they told us they wanted before going home, then they turned round and headed east," said Mr Peter Kessler, UNHCR spokesman. "They knew exactly what they were doing."
A mass exodus from the Tanzanian camps, established after the Hutus fled the Rwanda Patriotic Front in 1994, had been widely expected since rebel fighting in east Zaire pushed 640,000 Hutu refugees back across the border. The Tanzanian government and UNHCR last week told the refugees it was clearly safe to return and they had until December 31 to leave.

But yesterday's departure was a testimony to the continuing power of the hardliners who co-ordinated the genocide of Rwanda's Tutsis. Determined not to be isolated, they have been telling refugees they risk death in Tutsi-controlled Rwanda. *Michela Wrong, Nairobi*

UN votes 14-1 for Annan

Ghana's Mr Kofi Annan yesterday won the backing of all security council members except France as next United Nations secretary-general.

Sir John Weston, UK delegate, called those 14 affirmative votes in the straw poll a "very encouraging" and positive development. Some officials went so far as to predict an early break in the deadlock that might even lead to Mr Annan's appointment after a further poll today. However, diplomats said they expected France to exact a price for dropping its veto. One possibility was that a French official might have to be named to succeed Mr Annan as head of UN peace-keeping operations. Additionally, France might seek the position for one of its nationals as head of personnel, a job being vacated by Mr Denis Halliday, of Ireland. *Michael Littlejohns, New York*

Ethiopia wins $2.5bn pledges

Donor nations and institutions have pledged $2.5bn towards Ethiopia's development strategy over the next three years, Mr Callisto Madavo, the World Bank's vice-president for Africa, said yesterday.

The Ethiopian government had asked donors, meeting this weekin Addis Ababa, for $2bn – project financing of more than $1.3bn and balance of payments support of not less than $600m.

"The fact that donors pledged to give Ethiopia more than it asked for indicated the vote of confidence the donor community has in Ethiopia," Mr Madavo said.

He said participants congratulated Ethiopia on its recent macroeconomic performance and said they hoped it would be sustained. *Reuter, Addis Ababa*

Australia joins Unido exodus

Australia is to follow the US and UK in quitting the United Nations Industrial Development Organisation (Unido), citing budgetary constraints and limited resources for aid.

The Australian government has told the Vienna-based agency assistance to developing countries can be provided more effectively through bilateral programmes and other multilateral institutions. *Ian Hamilton Fazey, Vienna*

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NEWS: THE AMERICAS

US economy on steady growth path

By Gerard Baker in Washington

A steep fall in retail sales and continuing weakness in core consumer price inflation in November indicated that demand in the US economy remains on a moderate growth path, according to figures published yesterday.

Retail sales fell by 0.4 per cent from a month earlier, the US Commerce Department said, largely as the result of a slump in new car sales. Overall retail trade recorded a seasonally adjusted total of $206.1bn in November, down from a revised $206.8bn the month before.

The October figure was revised upward, however, and the more reliable longer-term trend suggests consumer demand remains on a gentle upward path. In the three months to November, retail trade increased by 0.9 per cent from the previous three months, at an annual rate of 3.7 per cent (not adjusted for inflation).

Consumer prices rose by 0.3 per cent in November from a month earlier, according to the Labour Department, the third consecutive increase of that magnitude. But for the second straight month the bulk of the increase came from a sharp rise in energy prices, which rose by 1.2 per cent in November. The other usually volatile component, food prices, rose by 0.3 per cent last month.

Stripping out fuel and food, the core rate of inflation was just 0.2 per cent last month, unchanged from October.

In the year to November, prices rose by 3.3 per cent, but the core CPI increase in the same period was just 2.6 per cent.

The figures continued to indicate that US inflation remains firmly under control. The underlying picture suggests price pressures are probably even more dormant than depicted by the official figures.

Last week a Senate-appointed panel of economists reported that the consumer price index regularly overstates the true inflation rate by about 1.1 percentage points. On yesterday's figures that points to a "real" rate of core inflation comfortably below 2 per cent, extremely low by historical standards.

The US economy has now completed 5¼ years of sustained growth. In spite of an unemployment rate that has been pushed well below what economists have in the past regarded as its "natural" rate, there is no evidence of wage pressures forcing inflation higher.

With the economy continuing to grow at or around its long-term trend rate, the immediate outlook remains stable and few economists expect an increase in official interest rates when the Fed's policy-making committee meets next week.

Clinton defends CIA nominee

By Patti Waldmeir in Washington

President Bill Clinton yesterday defended his nominee to head the Central Intelligence Agency, Mr Tony Lake, who has come under fire for improper stock holdings and his role in secret Iranian arms shipments to Bosnian Moslems.

Asked if Mr Lake's nomination was threatened, and whether he would "go to the mat" to defend the man who served as his national security adviser, the president said: "No and yes."

Three senior Republicans have this week questioned Mr Lake's nomination to the CIA, with Senator Pete Domenici of New Mexico saying the nominee faces "tough sailing" to secure the required Senate confirmation. Senator Arlen Specter, chairman of the Senate intelligence committee, has criticised Mr Lake for supporting a 1994 policy on Iranian arms shipments which kept both Congress and Mr James Woolsey, then CIA director, in the dark.

The nominee has also come under fire for failure to comply with an order to sell some $200,000 in energy stocks to avoid a conflict of interest. The White House has said Mr Clinton is satisfied that this was an innocent mistake. "We reviewed that and... we believe that is not a disqualification," Mr Clinton said yesterday. The White House said Mr Lake ordered his accountant to sell the stock, and did not realise this had not been done.

Corruption, mismanagement edge city towards bankruptcy

More vice than virtue in Miami

Two of Miami's less glamorous vices – corruption and mismanagement – have thrown the city into financial crisis. It is struggling to find a way to bridge a $68m budget shortfall. If it does not, it could run out of money by March.

"Miami has always operated on very narrow financial margins," said Mr John Incorvaia, Southeast region analyst at Moody's, the credit rating agency, which recently lowered the city's bond rating.

But this year, Miami's centenary, things took a turn for the worse. In August, criminal charges were filed against important city officials for theft, embezzlement and fraud uncovered in the FBI's "Operation Greenpalm."

The subsequent investigation of the city's finances revealed lax financial controls and mismanagement. Some $35m of pension fund bond proceeds had been used to cover the city's pension costs, according to Standard & Poor's, another rating agency.

Earlier this week, the state governor appointed a financial emergency board with powers to oversee the operations of the city, which has been given until January 2 to adopt a recovery plan. The board will then review the proposal before passing it to the governor for approval by February 1, the date when the city has to implement the plan.

The city commission met yesterday to discuss what measures to take, and another meeting is scheduled for December 23.

Restored Art Deco building in Miami Beach: much of the area's glitz lies outside Miami's city limits *Headline Photo Agency*

Miami's problems are not solely the result of a few corrupt officials. It faces, says Mr Incorvaia, "the same problems as most mature cities" – enormous infrastructure demands, but limited scope for raising revenue. The city of Miami is inhabited mainly by low-income immigrants and elderly people. The luxury apartment blocks filled by sun-seeking retirees with comfortable incomes fall outside the city limits.

The $68m budget gap represents 29 per cent of the city's expenditure for the fiscal year ending September 1997. Of the $68m total, more than $30m is a projected deficit for fiscal 1997 due to revenue shortfalls and expenditure overruns.

The shift of a city's economic base to the suburbs is not a new experience in the US. It brought New York to the brink of ruin 20 years ago, when the city defaulted on short-term debt. New York and Washington are still both struggling with the problem. Smaller towns in upstate New York such as Troy and Utica are also experiencing financial difficulties as a result of economic erosion.

Miami is a slightly different case. The wider Miami area has been thriving economically, and the restored Art Deco glory of Miami Beach is often cited as a symbol of urban recovery. The financial problems, along with the poverty of large parts of its population, within the city limits went largely undetected until corruption and mismanagement compounded the city's problems, bringing the crisis to a head.

Even with the financial emergency board biting at the heels of city officials, there are doubts about Miami's ability to agree on a plan of action. "The severity of the budget crisis, coupled with political resistance even to moderate revenue enhancement proposals, make it appear increasingly questionable that the city will be able to restore fiscal balance without some form of outside intervention," Moodys wrote earlier this month.

Similarly, Standard and Poor's "believes that the city has the capacity to address its fiscal crisis, but the willingness of city officials is highly questionable at this time."

One reason for this scepticism is that an attempt to boost revenues by increasing the fees charged for collecting garbage has so far failed. Without some sign that revenues will be increased, persuading unions to accept any cuts is likely to prove even more difficult.

So will the city teeter over the edge into bankruptcy, if a plan is not agreed? This seems unlikely. Under Florida's statutes the city cannot file for bankruptcy without the state governor's permission. Because city bankruptcy would have a detrimental impact on the state's credit – and therefore its ability to raise funds itself – the governor is likely to pursue other options.

One is for the state to take over the city's finances, but Governor Lawton Chiles has expressed reluctance to do so, and according to S&P, "It is not clear that the state has adequate authority to effect any necessary changes in order to assure timely payment of debt service."

So if the city fails to come up with a viable plan, the financial emergencies board is likely to impose one of its own. This might solve the immediate problem, though not the underlying causes. There is a more radical solution in the air: abolishing the city, and incorporating it into surrounding Dade County, with its much more affluent, and larger, population of 2m.

A local group of abolitionists say they have collected enough signatures to force a referendum on the issue. But in the city's centenary year, the Save our City lobby is also strong. "In political science," abolishing the city "would make a lot of sense, but in political reality it's not likely to happen," argues Mr Hyman Grossman, an S&P analyst. "Nobody wants to give up local control and the patronage that goes with it."

Tracy Corrigan

Argentina bounces back from a short, sharp shock

Even the government is surprised at the strength of the recovery from the steep recession of last year, writes **David Pilling**

If in 1995 Argentina's economy confounded pessimists merely by surviving, this year it is raising eyebrows with the speed of its recovery.

Last year was a true test. After Mexico's devaluation, nearly a fifth of all deposits were pulled out of Argentina's banks in a few months – a run on the banking system of a greater magnitude than the US suffered during the entire Great Depression.

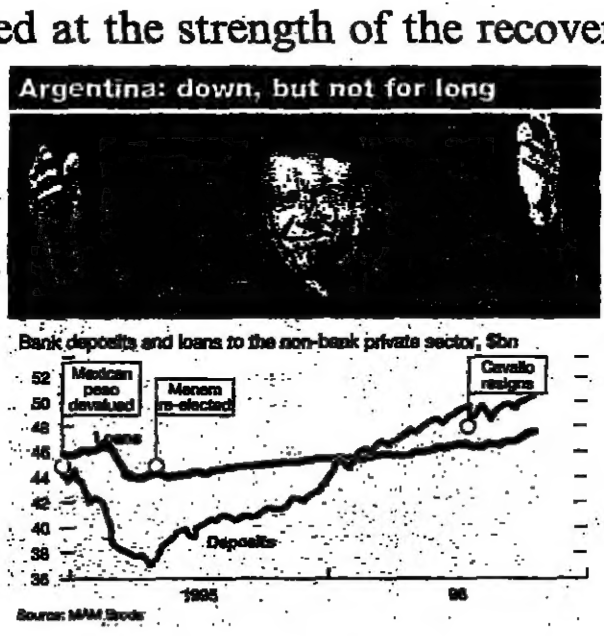
Argentina's currency board system, known locally as convertibility, technically precluded it acting as a lender of last resort, since the central bank's foreign reserves belonged not to the authorities but to holders of pesos.

Convertibility, however, proved more flexible than critics had thought. Authorities staved off collapse of the financial system by relaxing reserve requirements, establishing a privately funded deposit insurance scheme and encouraging bank mergers. This, plus a new $5bn emergency fund from international banks, has left the banking sector more solid and resistant to future shocks, says the former economy minister, Mr Roberto Alemann.

Similarly, the rigidities of Argentina's fixed exchange rate system, in place since 1991, meant it could not repair its current account deficit through devaluation. Instead, it took the route of deep recession, which stifled imports, diverted production abroad and increased productivity through deflation.

"We survived," says Mr Alemann. "It cost us 6 per cent of gross domestic product in one year. But it was short and sharp."

That accomplished, most economists predicted the battered economy would merely limp along. Recent data, however, shows production nearly back at 1994 highs, convincing the normally conservative economist, Mr Miguel Angel Broda, that GDP growth will surpass 3.5 per cent this year and reach a minimum 5 per cent in 1997.



According to Mr Alfonso Prat-Gay, an economist with JP Morgan in Buenos Aires, better signs of growth, low inflation, an improving trade balance and rising tax revenues mean current economic indicators "could hardly get any better".

Even the economy ministry is taken aback. "We knew there was a recovery under way, but we didn't know how strong it would be," says Mr Pablo Guidotti, treasury secretary.

Rising exports, which account for less than 10 per cent of GDP, do not explain the recovery. Neither does investment, which has grown about 8 per cent this year after plummeting 16.3 per cent in 1995.

Mr Luis Secco, an economist with the Broda consultancy, says the driving force is domestic consumption. Rising bank deposits, now at $52bn against a low in 1995 of about $38bn, are beginning to have their effect on the economy. In the first half of 1996, only 24 per cent of new deposits were lent on in new loans. That figure is now 66 per cent.

However, growth is unlikely to have a swift impact on unemployment, at 17.1 per cent Argentina's most critical problem. But those in employment no longer fear job loss and are starting to spend savings accumulated last year, says Ms Débora Giorgi, an economist with the Alpha group.

Mr Broda says a likely scenario for 1997 is growth of 5.4 per cent, with consumption, investment, exports and imports up respectively 4.2 per cent, 18.1 per cent, 7.3 per cent and 11.2 per cent. That could set a pattern for years to come, he says.

There are potential pitfalls. First, social tension could persuade the government to fiddle with the economic model. This might be tempting if its Peronist party does badly in mid-term parliamentary elections next October. President Carlos Menem, however, shows no sign of wishing to abandon any key element of reform.

Second is what Mr Broda calls Argentina's "addiction" to foreign capital. Public debt of $90bn in relation to GDP of $300bn is not high by international standards but the reluctance of Argentines to lend to the treasury means most borrowing occurs abroad. Next year, say Mr Broda, it will need financing of $16.6bn, assuming a fiscal deficit of $5.1bn – about $2bn above official estimates. Some $12bn must be raised externally.

International liquidity has been plentiful this year. But a sharp reversal of US interest rates or the bursting of Wall Street's stock market bubble could leave Argentina vulnerable.

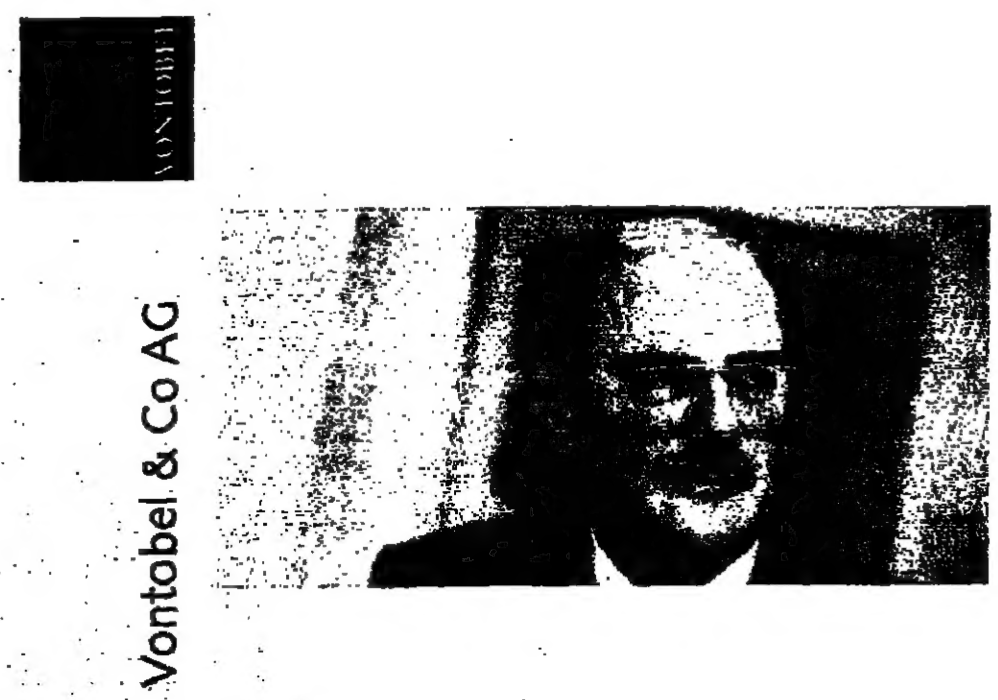
Eventually, dependency on foreign capital will be mitigated by private pension fund savings, now accumulating $200m a month. But before domestic savings reach sufficient critical mass, attention will focus on Argentina's budget deficit, even though this is relatively low and falling.

The government estimates that in 1997, the third successive year of nominal spending cuts, the deficit will drop to 1 per cent of GDP. Nevertheless, says Mr Broda, its mere existence has a disproportionate effect – because of Argentina's underdeveloped financial system – in keeping domestic interest rates high.

Third, and for some most menacing, is the possibility that Brazil's economy, propped up by around $200bn of short-term domestic debt, will spiral into crisis. A quarter of Argentina's exports go to Brazil, though much of that could easily find alternative markets.

Mr Broda says a Brazilian crisis would cost Argentina no more than half a point of GDP growth, but Mr Alemann is more concerned. "If Brazil collapsed like Mexico we would suffer, even though we would again be totally innocent," he says.

Even last July's sacking as economy minister of Mr Domingo Cavallo, once considered the only guarantee of stability, has not altered the picture, says Mr Secco. For him, that in itself is proof enough that Argentina's economic prospects rest on solid ground.



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NEWS: ASIA-PACIFIC

Unions step up pressure on government with threat of strike ahead of winter of discontent

Seoul warned on revising labour laws

By John Burton in Seoul

The South Korean government is coming under increasing pressure to postpone labour law revisions as unions threaten a warning strike today, in what could be a prelude to a winter of discontent.

The unions are angry about proposed changes that would make it easier to sack surplus workers and allow employers to hire part-time ones if their companies are hit by strikes.

Korea's two union confederations have warned they will conduct a general strike that could paralyse the country if the new labour laws are approved by the National Assembly this month.

Seoul promised to improve its labour laws to international standards by the end of this year as part of its entry into the Organisation for Economic Co-operation and Development, which it formally joined yesterday.

The new law would weaken job security rights in an attempt to improve labour market flexibility, but would gradually ease curbs on union activity as requested by the OECD and the International Labour Organisation. Korean unions claim the new law favours management more than labour.

The government announced this week it would submit the legislation to parliament this month, but some ruling party MPs have joined demands by the opposition that consideration of the law be postponed until early next year.

Opponents of the new law argued that the strikes that could result from quick parliamentary passage would further weaken the already sluggish economy. Some government MPs fear the ruling party could lose the presidential election next year if labour strife is widespread.

The illegal Korea Confederation of Trade Unions, which would receive official recognition under the new labour law, plans a four-hour warning strike today that could affect car and shipbuilding facilities, while temporarily closing big hospitals and the underground system in Seoul.

The official Federation of Korean Trade Unions, with its 1.1m members, will conduct partial warning strikes next week unless the labour law is postponed.

The government has said it will take tough action against labour leaders if a general strike is called once the law is passed.

The labour law revision is being criticised by employers, who fear worker militancy could increase once a ban on multiple unions in a workplace is lifted. They have asked for a further delay in introducing the measure, not scheduled to take effect until 2002.

Japanese investors look abroad again

With domestic interest rates and share prices still low, Japan is shifting increasing amounts into overseas markets, writes Richard Lapper

Japan is still far from being the "world's banker", a status many would say it held up to the end of 1990 before the collapse of Japanese share prices ended the boom of the late 1980s. But the mere fear of sales by big Japanese institutional investors was enough to trigger a sharp fall in US equity and bond markets earlier this week, underlining the importance of the recent build-up of outward capital flows from the country.

With domestic interest rates at record low levels and leading share prices still close to 50 per cent below their 1990 peak, institutions that manage Japan's savings and pension fund assets have been channelling increasing amounts into overseas markets.

During October net purchases of foreign bonds reached Y1,674bn ($14.8bn), the highest figure for more than a year. Japanese investments in UK government bonds – or gilts – increased from Y32.8bn in September to Y130.2bn in October.

Flows into Australian dollar bonds help explain the appreciation of the Australian dollar to its highest levels for six years.

"The capital flows we have seen represent a significant shift in the shape of Japanese portfolios," says Mr Keith Edmonds, senior analyst at Industrial Bank of Japan International in London. "The levels are starting to approach the peaks seen in the early 1990s."

Japanese life insurance companies and trust banks – the country's largest institutional investors – have this year increased their investments in foreign securities from 6.9 per cent to 8.1 per cent and from 8.3 per cent to 9.1 per cent of their total assets. The Y14,200bn invested by life companies in foreign stocks and bonds is – in nominal terms – the highest figure committed to overseas markets since 1990, when investments of Y15,300bn were equal to 17.8 per cent of total assets.

But there have also been significant levels of foreign buying by Japanese savers. Individuals – so-called "retail investors" – have been heavy buyers of yen-denominated bonds issued by foreign companies and governments. Rules governing the credit quality of issuers in the domestic Japanese market were relaxed earlier this year, allowing a number of emerging market borrowers to tap the so-called "samurai" market, domestic Japanese issues by non-residents.

They have also bought significant amounts of "dual currency" bonds – which pay a coupon (the interest) in yen and are redeemed in a foreign currency. The interest rate paid by these instruments is usually high enough to be attractive to individuals even though it is lower than that available on foreign currency bonds.

Moreover, with the yen declining against the dollar by some 40 per cent since its highs of mid-1995, dual currency bonds have also offered attractive foreign exchange gains. As a result of these factors the issuance of samurai bonds has surged, with the amount issued rising to more than Y3,500bn, more than double that for the whole of 1995.

Some analysts play down the importance of the trend, arguing that it is largely a product of short-term perceptions about interest rates and currencies and could quickly be reversed if the yen were to strengthen or short-term interest rates were to be increased.

Ms Mineko Sasaki-Smith, chief economist at CS First Boston in Tokyo, points out that in the late 1980s Japanese institutions were able to hedge their exposure to foreign currencies by the scale of their unrealised gains from investments in Japanese stocks. The fall in share prices has removed that cushion, increasing institutional aversion to foreign currency risk.

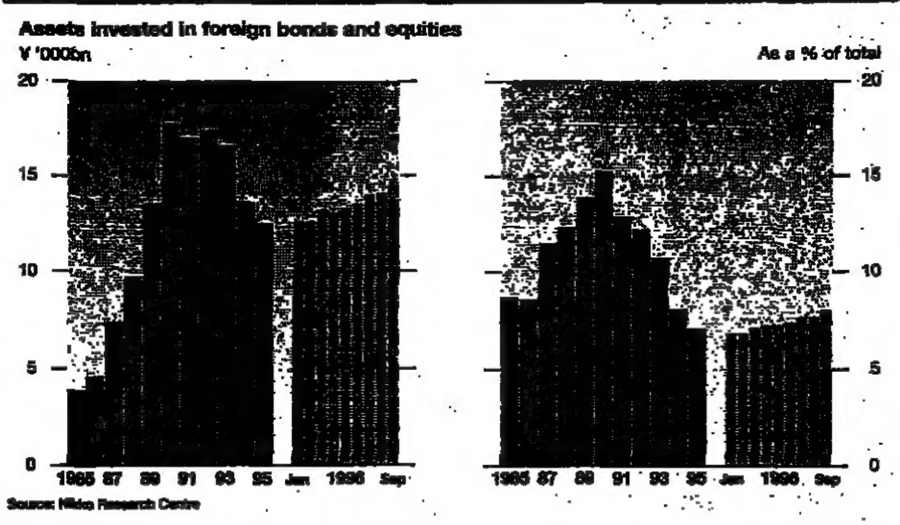
Nevertheless, others suggest that these flows could foreshadow heavier overseas involvement by Japanese institutions. They point in particular to the reform of the Japanese pension system and the need for institutions to invest abroad in order to achieve the returns necessary to meet commitments to future pensioners. Japan's population is ageing at a more rapid rate than any other advanced industrial economy and a combination of these demographic pressures and the feeble level of returns achieved by life insurers and trust banks over the last 10 years has brought about the need for reform.

This year rules stipulating that no more than 30 per cent of a pension fund can be invested in foreign securities have been relaxed and pension fund trustees have been given greater freedom to award management mandates to independent fund management companies, which are usually more likely to seek opportunities in foreign markets.

Mr Stuart Thomson, chief international economist at Nikko Securities in London, is particularly bullish about the impact of these changes.

"[The reforms] will prompt successive waves of pension fund money into foreign securities," argues Mr Thomson. "Japanese pension funds will become a major force in international capital markets." A recent survey by Nikko showed that pension funds are likely to increase their investments in foreign securities from 17 per cent to 24 per cent of total assets within the next few years.

Japanese Life Insurers: outward bound



Source: Nikko Research Centre

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WOOLWICH GUERNSEY

ASIA-PACIFIC NEWS DIGEST

Church opposes new Ramos term

The Philippines' powerful Roman Catholic church yesterday pledged to oppose proposals to allow President Fidel Ramos to stand for a second term, which at present is prohibited by the Philippine constitution.

Monsignor Hernando Coronel warned of a slide towards "totalitarianism, warlordism and political dynasties" if term limits were removed. An advocate of constitutional amendment dismissed the warning as "complete nonsense". The church played a key role in the fall of President Ferdinand Marcos when Manila Archbishop Cardinal Jaime Sin called on Filipinos to take to the streets to oppose the regime in 1986.

A lawyers' group yesterday also denounced attempts by the newly formed People's Initiative for Reform, Modernisation and Action to reform the constitution as a "mockery of the letter and spirit of a genuine people's initiative".

President Ramos has repeatedly refused to be drawn on whether he will contest a second election, referring to it as a "back burner" issue. Yesterday he said the debate was "dividing us at a time when we should be working together more closely". *Justin Marozzi, Manila*

Japan household spending dips

Japan's household spending in October remained weak, showing an inflation-adjusted 1.5 per cent fall from a year ago to an average Y314,080 ($2,780) on the heels of a 4.4 per cent drop in the previous month.

Spending by the household sector has been low since last summer, when a national food poisoning epidemic made consumers reluctant to dine out or buy fresh produce. In October, spending by salaried workers' families dropped a real 0.1 per cent, while that by self-employed workers' households declined 4.5 per cent, according to figures published by the government's Management and Co-ordination Agency yesterday.

The decline at non-salaried households reflects the difficult times self-employed people are having, according to the agency. The average monthly income for salaried workers' households edged up 0.4 per cent to Y487,970.

The agency attributed weak household spending mainly to the lingering effects of the food poisoning outbreak and less spending on education.

Spending on education plunged 18.9 per cent to Y14,433 per household partly because of an irregular rise in the previous year. In October 1995, spending jumped as households recovering from the Kobe earthquake were allowed to delay payment of school tuition fees until the latter half of the year. *Kyodo, Tokyo*

Australia jobless rate falls

Australia's unemployment rate dipped slightly to 8.5 per cent in November, down from 8.8 per cent in the previous month.

Employment increased by 24,400, though the drop in the employment figure was also helped by a decline in the "participation" rate – the number of people in the workforce or actively looking for jobs. The decline was sharper than most analysts had expected, with most predicting that only about 10,000 new jobs would be created.

Ms Amanda Vanstone, employment minister, said the figures reflected the new conservative government's shift in economic policy, but she conceded "much stronger growth was needed to bring the unemployment rate down substantially". *Nikki Tait, Sydney*

New law is expected to lead to US$2bn in extra premiums

Taiwan moves on road insurance

By Laura Tyson in Taipei

Taiwan's national legislature is today expected to pass a law making it compulsory for motorists to buy third-party liability insurance, in what is seen as an important step forward in the development of the domestic insurance industry.

The law is expected to result in up to US$2bn in extra premiums industry-wide.

While the mandatory segment will not be profitable for insurance companies as the rates will be fixed, the millions of new customers compelled to come into the market will increase the prospects for profitable "voluntary" business, according to industry executives.

Car owners will, for the first time, be required to buy liability insurance for second parties (passengers) and third parties (persons in another car or pedestrians). They will also be required to buy insurance against the uninsured driver.

Motorcycle owners will be required to buy liability insurance for the first time. Previously, they were not required to have any cover at all.

Under existing laws, victims were able to claim T$600,000 ($21,800) per person up to a maximum of T$1.2m for each accident, but they first had to prove responsibility. The new law provides for prompt no-fault compensation payments, with no limit for each accident. It also gives victims the right to sue directly for damages from the driver who caused the accident.

Taiwan has one of the highest accidental death rates in the world. A leading cause is the legion of residents who for reasons of convenience and affordability prefer to ride motorcycles, mostly without helmets.

On a small island with a population of 21m, there are an estimated 11m motorcycles, including some 2m which are unregistered, and nearly 5m cars, trucks and buses.

Under the new law, which is expected to be put into effect on July 1 1997, the basis for determining liability insurance premiums will be switched from the record of the car to the record of the driver, as is the practice in more highly industrialised countries.

"This law will benefit society and the victims of car accidents and their families," said Mr James Yeh, head of car insurance underwriting at Mingtai Fire & Marine, Taiwan's second largest non-life insurance company.

"It will also bring our country's insurance system into line with the advanced countries."

Ganges deal boosts relations

By Mark Nicholson in New Delhi

The prime ministers of India and Bangladesh yesterday signed what they called a "landmark" agreement to settle a 20-year dispute over sharing Ganges riverwater – one they also hailed as ushering in substantially improved relations between the neighbours.

Sheikh Hasina, the Bangladeshi leader, expressed particular "thanks and gratitude" to Indian officials for the 30-year treaty, which largely met Dhaka's long-standing need for improved flows of Ganges water from the Farakka dam in West Bengal during the "lean" post-monsoon season.

Bangladesh's complaint that India closed the Farakka barrages during the lean season has soured relations since the dam was built in 1975. India claimed it needed substantial flows to stop silting at Calcutta rendering the West Bengal port un-navigable.

A 1977 understanding on water-sharing which guaranteed Bangladesh flows of 34,000 cusecs (cubic metres a second) during the lean period lapsed in 1982. Bangladesh has since argued that diminished flow between January and May has threatened the livelihood of up to 30m farmers.

Indian officials said there had been no linkage between the agreement and other outstanding bilateral issues, including Indian calls for transit rights across Bangladesh to reach its remote north-east and complaints that insurgent groups use Bangladesh as a base. But Mr Salman Haider of India's foreign ministry said: "The agreement does open the door to further mutually beneficial arrangements."

The core of the 10-article treaty is an undertaking that India will assure Bangladesh a guaranteed flow of 35,000 cusecs of water from Farakka during the lean season months of March to May on a rotational basis. Each country will receive 35,000 cusecs in an alternating sequence of 10-day periods during the lean months.

The agreement assures each side of an equal flow of water provided the Ganges flow for these months is 70,000 cusecs or less, allowing for a special review committee in case of severe shortfalls. If the flow exceeds 70,000 cusecs, Bangladesh will receive an assured 35,000 cusecs. For flows over 75,000 cusecs, India will take 40,000 cusecs and Bangladesh the balance.

While Mr Haider said the agreement had "stretched both sides", Sheikh Hasina's strong expression of gratitude is a measure of the political as well as foreign policy victory it represents for her and her 10-month-old Awami League government. The opposition Bangladesh Nationalist party has long accused the League of being too close to India and argued it was better placed to win concessions from Delhi.

The water agreement appears to have placed Indo-Bangladeshi ties on their best footing since the early 1970s, when India's military intervention against the forces of then West Pakistan achieved Bangladesh's liberation, the 25th anniversary of which falls on Monday.

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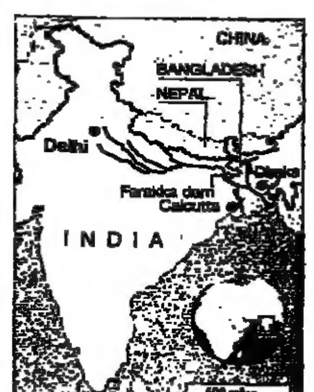

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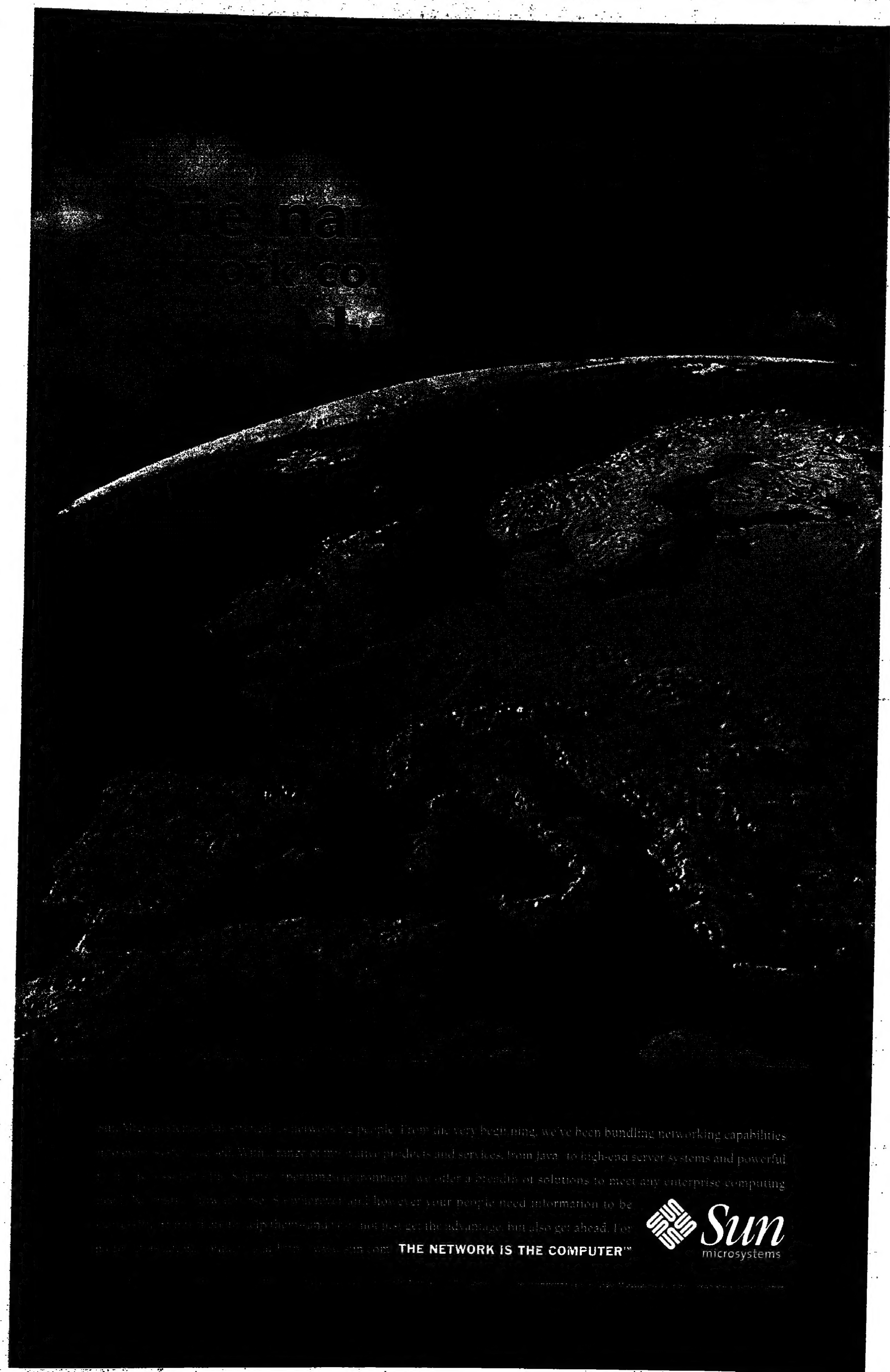


NEWS: WORLD TRADE

WTO refuses to link trade measures to labour rights

By Frances Williams in Singapore

SINGAPORE December 1996

World trade ministers yesterday hammered out a compromise affirming their support for core labour standards but ruling out further work on the divisive issue in the WTO.

The ministers agreed to *include a mention of labour* rights in their final declaration today, but rejected the use of trade measures to enforce labour rights.

Low wage countries had argued that such measures could be used by richer ones for protectionist purposes.

Agreement came only after the US threatened to veto the entire declaration if labour standards were not *mentioned*. However, Washington was forced to give way on its demands for further work on labour standards in the WTO as the price of bringing Pakistan, India and some other hard-line developing countries on board.

The inclusion of labour standards in the ministerial declaration, together with the conclusion of a deal on *information technology*, means that the US has achieved in large part its most coveted objectives for the WTO meeting.

They will be important trophies for Ms Charlene Barshefsky, acting US trade representative, to take home to Washington, where she will shortly face Congressional confirmation hearings on her nomination for the job.

However, developing countries also expressed their satisfaction, saying the declaration had killed once and for all the possibility of WTO involvement in labour issues. Mr Yeo Chow Tong, Singapore's trade minister, who is chairing the WTO meeting, is due to make a supporting statement today that labour standards are not on the WTO's agenda.

The declaration's wording was agreed "on the clear understanding, assurance and expectation that no work whatsoever will be done in the WTO on core labour standards", said one senior diplomat from a developing country.

The International Confederation of Free Trade Unions nevertheless said the accord was "a small but important *step forward*" and vowed to pursue its campaign to link trade and worker rights.

In the draft declaration, ministers renew their commitment to core labour standards but say the International Labour Organisation is the competent body to set these standards. They affirm support for the ILO's work, reject the use of labour standards for protectionist purposes and say the comparative advantage of low-wage countries "must in no way be put in question".

Ministers have also agreed to establish working groups to look at the links between trade and investment, and trade and competition policy, though with no commitment to future negotiations.

Acting US trade representative Charlene Barshefsky is briefed by her deputy Jeffrey Lang in Singapore yesterday

Taiwan to sell alcohol body

By Laura Tyson in Taipei

Taiwan said yesterday it would privatise its state alcohol and tobacco monopoly by the year 2000 and *reform alcohol taxes as part* **of its bid to join the World Trade Organisation.**

Taiwan, whose application to join the world trade body will be considered after that of China, also said it would join a global agreement to eliminate tariffs on information technology.

The cabinet has approved draft legislation setting out a new method of calculating tax on alcohol and tobacco and setting up a new system for regulating these products. The legislation will go to the national legislature early next year. Taiwan's trading partners have pressed the government to dismantle the monopoly system, which has been cited as a barrier to the island's admission to the WTO.

The Taiwan Tobacco and Wine Monopoly Bureau is initially to be transformed from an arm of the provincial government into a state-owned corporation. Within two years, shares will be sold until the monopoly is *technically privatised and* the government stake falls below 50 per cent.

Once the new regulatory system is in place, the finance ministry will be the agency in charge of the production and sale of alcohol and tobacco. If all goes *smoothly, the new laws* could take effect by July 1 1997 and the monopoly system will be abolished then. The draft bill forbids the sale of alcohol and tobacco through vending machines, and bans tobacco advertising. Under the draft laws, alcoholic drinks will be taxed on the percentage of alcohol content instead of by volume as they are now.

Private concerns will be allowed to make initially alcohol and later tobacco products once the legislation is passed.

IBM's $350m factory will be record Irish inward investment

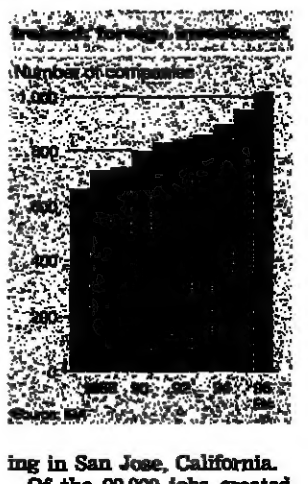
By John Murray Brown in Dublin

Ireland yesterday secured its largest foreign investment when International Business *Machines* unveiled *plans to* build a $350m factory to make computer memory discs.

The announcement underlines Ireland's position as a favoured location for US investors, lured by a corporate tax rate of 10 per cent, *plenty of labour*, and access to the European Union.

The US already accounts for 40 per cent of inward investment in Ireland, which in turn attracts 24 per cent of all US start-ups in the European Union – only the UK attracts more.

IBM is to create 2,850 jobs at a campus facility in west Dublin. The investment is part of a $440m global expansion by *IBM in five locations* including a disc drive manufacturing facility in Thailand, and more investment in component manufacturing in San Jose, California.



Of the 90,000 jobs created by 1,000 foreign companies investing in Ireland, 45,000 are in information technology.

Last year, Ireland for the first time replaced the UK as the favourite site for US electronics hardware investment, securing 30 per cent of new projects in the EU against 19 per cent for the UK, according to a study by accountants KPMG.

Announcing yesterday's investment, the Irish prime minister, Mr John Bruton, stressed the importance for the local economy, pointing out *the project* would generate salaries of I£50m ($83m) and sub-contracted work of around I£50m for local companies. Officials at the Industrial Development Agency, the government investment promotion body, estimate that 80 per cent of *the recruits will be graduates*.

Mr Patrick Toole, senior vice president and IBM group executive, said IBM was creating a European integrated supply chain. The "platter" or memory disc is the brains for disc drives for the entire product range from personal computers to large mainframes. It will be shipped to other IBM assembly plants, including one in Hungary opened this year.

Mr Toole said IBM's "paramount" consideration was the need to meet the growth in demand for storage devices, which is expanding at 46 per cent a year.

"Development schedules are now measured in terms of months. Many of the prod*ucts which the facility* will be manufacturing have not yet been invented," he said.

Ireland's low tax regime has proved attractive in high growth research intensive sectors such as computers – allowing companies to reduce their global tax charge and thus boost earnings per share.

In 1995, the 1,000-odd foreign companies had sales of $13.5bn, *but paid only $450m* in tax.

The US Department of Commerce estimates that US companies earn a return on investment of 24.6 per cent – four times the EU average.

However, some economists point to the widespread use of transfer pricing, where companies inflate the value of their Irish operations to reduce global tax liabilities.

WORLD TRADE NEWS DIGEST

Indian airline buys Boeings

Jet Airways, the private Indian airline in which Kuwait Airways and Gulf Air hold 20 per cent shares, has signed a letter of intent to buy 10 Boeing 737 airliners in a $496m deal. It is the biggest fleet expansion of any of India's private airlines and the first outright purchase of new aircraft by a private Indian operator.

The deal, which must be approved *by the Indian* government, is for six Boeing 737-800s amd four 737-400s. Boeing said the first 737-800 jets would be delivered in 1998, while deliveries of the 737-400s would begin next year. The new aircraft would almost double Jet's fleet of 12 leased Boeing 737 variants.

Mr Seddik Belyamani, Boeing vice president for international sales, described the Jet purchase as a "*strategically important*" inroad into the Indian market, for which he said Boeing was forecasting significant growth.

Jet is the largest private airline in India and among the few profitable ones to have emerged since civil aviation was deregulated. *Mark Nicholson, New Delhi*

IBM to buy Taiwan PCs

IBM is to buy up to $2bn worth of notebook and desktop personal computers from Acer of Taiwan. IBM said the deal with Acer would enable it to enjoy cost benefits, flexibility and opportunities to expand capacity in PC production.

Many of the world's leading PC manufacturers come to Taiwan to source components and fully assembled PCs. IBM bought $490m of components from Acer and other Taiwan companies in 1995, but this is the first time IBM has bought assembled PCs.

IBM, which sells $16bn of personal computer equipment a year, will begin marketing Acer-made computers in 1997. Acer's sales were $5.3bn for the first 10 months of *this year, up 1.9 per cent* from the same period a year earlier. The agreement follows a similar accord between IBM and Samsung, the South Korean electronics concern, under which IBM promised to buy up to $2bn worth of computer monitors over three years. *Laura Tyson, Taipei*

Greenpeace in crops protest

Greenpeace protesters yesterday chained themselves to a train *and a ship in Germany carrying* genetically modified crops from the US.

In Hamburg, a train carrying maize destined for the Czech Republic was held up by around 20 Greenpeace protesters, while in Baden-Württemberg, southern Germany, a freight ship carrying 250 tonnes of soya to Switzerland was taken over by people. Both incidents were ended by police and the train and ship continued on their journeys.

The import of genetically modified maize in to the European Union has yet to be approved by the Commission. A ruling is expected next Wednesday when the Commission is due to consider advice from three EU scientific committees. *Frederick Stüdemann, Berlin*

■ Audi, the subsidiary of Volkswagen of Germany, is conducting a feasibility study into the assembly of cars in Macedonia. The company said yesterday that it was in negotiations with both the Macedonian government and Asiba, its local importer, on a project to assemble cars from CKD (completely knocked down) kits supplied from Audi in Germany. *Kevin Done, East Europe Correspondent*

BUSINESSES FOR SALE

British Rail

The Sale of British Rail International Limited

British Rail International Limited (BRIL) is a subsidiary company of British Railways Board (BRB) and is being offered for sale.

The main activities of the business are as a marketing and sales agent specialising in:
- The sale and distribution overseas of UK rail travel products, Eurostar and London Transport tickets
- The sale and distribution of European Railway tickets in Britain
- The sale of Eurostar tickets in Britain.

BRIL operates in the UK and, through subsidiaries, representative offices and branches in eight other European countries and the USA. BRIL also generates income through General Sales Agents in a number of other overseas countries.

Unaudited gross income earned for the year ended 31 March 1996 was £19 million. With headquarters in Victoria, London, BRIL had a total of 174 permanent and temporary staff in 10 countries at 12 October 1996.

This advertisement is issued by the British Railways Board and has been approved solely for the purpose of section 57 of the Financial Services Act 1986 by Price Waterhouse who are financial advisors to BRB. Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Interested parties should contact:

British Railways Board
Room 212
Euston House
24 Eversholt Street
London NW1 1DZ
Tel: 0171 922 6849
Fax: 0171 922 6961

Price Waterhouse

Wholesale & Retail Ladies Fashionware Group for Sale

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For further details please write to:
Box B4941, Financial Times,
One Southwark Bridge, London SE1 9HL

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No Brokers

CONTRACTS & TENDERS

On the instructions of HM Government acting through the Secretary of State for Defence

The Ministry of Defence's Head Office, Whitehall, Central London

- A major PFI pathfinder project
- Serviced accommodation for the MoD's Whitehall Head Office
- Redevelopment of the 750,000 sq ft Main Building

Proposals are invited from companies registered and based in the UK for the implementation and funding of the redevelopment of the Head Office of the Ministry of Defence in Whitehall.

The aim is to provide modern, serviced accommodation for MoD Head Office staff. This requires *extensive redevelopment of Main Building, a listed property between Embankment Gardens and* Whitehall in London, and the movement of its occupants to other buildings during this time.

The selected Private Sector Partner (PSP) would be expected to provide facilities management services such as building services, accommodation services, office support services and staff support services.

The PSP is expected to offer innovative solutions and to accept and manage risks inherent in the delivery of the services and the redevelopment works.

Expressions of interest are required no later than *12 noon on 4 February 1997* in accordance with the announcement in the MoD Works Services Opportunities journal, dated 11 December 1996.

Interested parties can receive the further information contained in the MoD Works Services Opportunities from the MoD's appointed PFI Adviser, Coopers & Lybrand. Please contact:

Mr Nasser Massoud, Team Leader
PFI Adviser's Office
Room 7207
Ministry of Defence
Main Building, Whitehall
London SW1A 2HB
Telephone 0171 807 0078 Facsimile 0171 807 0079

Tender number WS13/3744

Coopers & Lybrand

HERBERT SMITH

MOD Defence Animal Centre - PFI Opportunity

The Defence Animal Centre at Melton Mowbray, Leicestershire is a centre of excellence for the training of horses and soldiers for the Ceremonial role and dogs and dog-handlers for search and security duties. The Centre is a Defence Agency and its main customer is the Ministry of Defence. However, it also undertakes training for other government departments and the private sector.

The Centre is based on three adjacent sites: the Headquarters site, Canine Division and Equine which includes a state-of-the art Veterinary Hospital and Forge. The buildings on the Headquarters site are in need of replacement and consistent with the Government's Private Finance Initiative (PFI) the MOD wishes to identify the potential for private sector involvement in the provision of new office and residential accommodation, associated facilities management and support services, and some training support. There will be the possibility of sharing facilities, the development of parallel training opportunities, and clinical research. There is also the potential for development on surplus MOD land.

An Open Day during which potential bidders can view the facilities and gain a better understanding of the requirements has been arranged. The proposed date of the Open Day is 12 December 1996.

To register your interest in this business opportunity, and to receive an invitation to the Open Day, along with a Preliminary Information Pack and Pre-Qualification Questionnaire, please contact:

Defence Animal Centre PFI Project Team
St Giles Court
St Giles High Street
London WC2H 8LD
Tel: 0171 305 0128/0275 Fax: 0171 305 0278

Prospective bidders may wish to note that it is the MOD's intention to provide an outline specification for the required services to the companies who pre-qualify and to seek indicative bids prior to short-listed tenderers being invited to negotiate.

N&P LIFE ASSURANCE LIMITED
ABBEY NATIONAL LIFE plc

By Interlocutor dated 4th December 1996 a Scheme under Section 49 of the Insurance Companies Act 1982 to transfer the whole of the long term insurance business carried on by N&P Life Assurance Limited to Abbey National Life plc was sanctioned by the Court of Session, Edinburgh. Copies of the Order of the Court sanctioning this Scheme are available on application to the agents mentioned below.

Biggart Baillie & Gifford
Solicitors, 11 Glenfinlas Street
Edinburgh, EH3 6YY
Tel: 0131 226 5541
(Ref: CSM/7720.1)

TENDER ANNOUNCEMENT FROM BOTAS PETROLEUM PIPELINE CORPORATION

BOTAS intends to open an international bid for the construction of Dogubeyazit-Erzurum Natural Gas Pipeline having a diameter of 40" and approximately 300 km. in length. The required conditions for the companies which will participate the bidding, are the following:

- Having been completed the construction of steel pipelines at least 50 km. in total length with the various diameters (10" and above)
- Having been completed the construction of industrial plants and steel pipelines having a total cost of 20 million USD.
- To have the equipment and machinery with the sufficient amount which is necessary to construct the a.m. pipeline.

The companies satisfying the a.m. conditions can participate the bidding individually *or by forming* consortium. At least one of the consortium members or the total of the consortium members have to satisfy the mentioned requirements in the case of appliance as consortium.

The tender bond of this Project is 3 million USD.

The companies or consortiums which satisfy the required conditions shall obtain the Tender Documents from the following address between the dates 13-25 December 1996 by paying the amount of 5000 USD. Final tender date is 28th February 1997 and bids will be opened in the presence of the representatives of the bidders.

BOTAS is not subject to Act No: 2886

ADDRESS:
BOTAS-Petroleum Pipeline Corporation
Department of Engineering and Construction
Günes, Sokak No. 5
06690 Güvenevler/ANKARA/TURKEY

CONTRACTS & TENDERS

The Albanian Chrome Company Albkrom Sh.A Tirane is organising Tender to buy about 24,000 Mt. of Met coke, 6,000 Mt. per quarter for the whole year 1997. Following are the chemical and physical element contents.

Moisture 5%
Ashes 9-12%
Carbon Fix 85%
Sulfur 0.8% Max.
Phosphorus 0.04% Max.
Volatile 2% Max
Size 5-25 mm

Not more than 5% under 5 mm. Not more than 5% over 25mm. The offer will be given according to the Albanian legislation which oblige the firms companies to have a minimum of financial means deposited in Bank for this aim. In order to take part in this tender firms companies are requested to get more information in Albkrom Sh.A Tirana Address: Blloku Vasil Shanto, Tirana, Albania Tel 00 355 42 263 45 (30 737) and fax 00 355 42 32 414 (30 737). The tender date is 16 January 1997, time 10.00. On this date and time, all interested firms, companies are requested to send the offer direct to the Tender Commission in a closed envelope.

Negotiated procedure:

Appointment of Legal Advisers, Financial Advisers and Technical Advisers to Falkirk Council to provide legal advice and assistance, financial advice and assistance and technical advice and assistance respectively in connection with the procurement by the authority of schools within the Falkirk Council area under the government's Private Finance Initiative.

Falkirk Council is seeking to procure expert legal advice and assistance, financial advice and assistance and technical advice and assistance in connection with the above project. The duration of the contract is not certain but it is anticipated to be in the region of 12-18 months.

Interested parties may obtain a copy of the client brief, giving *details on the project and service areas which will require* to be addressed by prospective bidders by contacting the undernoted. Submissions from prospective advisers must be returned all in accordance with the said client brief to Director of Law and Administration, Falkirk Council, Municipal Buildings, Falkirk FK1 5RS no later than 12 noon on Monday 13 January 1997.

All submissions, validly submitted, will be considered with a view to selection of prospective advisers with which Falkirk Council will enter into negotiations for the provision of the relevant services. Separate notices relating to provision of financial and technical advice respectively for the project are being advertised concurrently with this notice in the Official Journal of the European Communities and UK publications.

R McPheat
Head of Legal Services
Falkirk Council
4 December 1996

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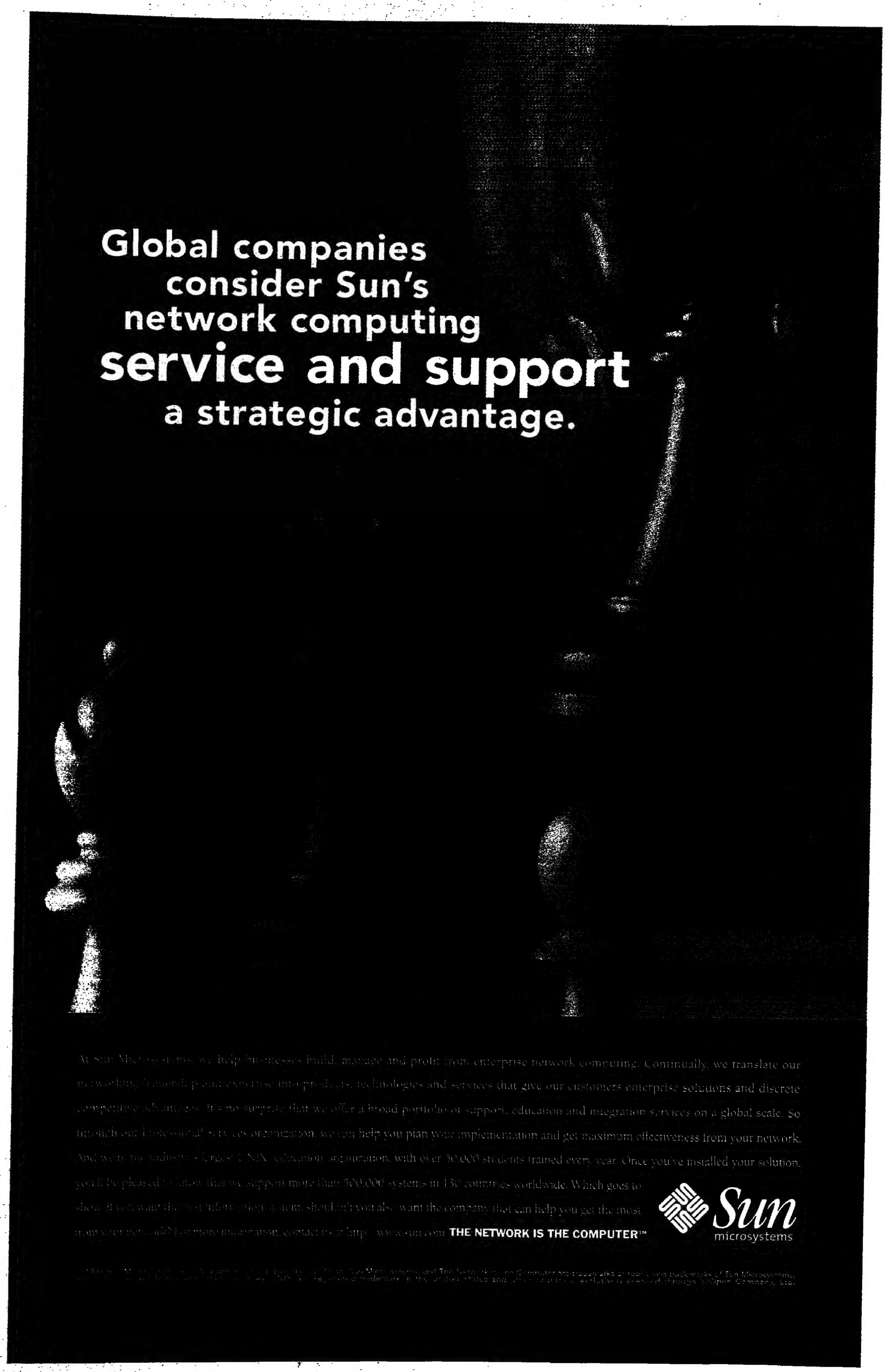
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Disappointing result casts doubt on finance minister's goal of pre-election low price growth

Inflation remains above official target

By Graham Bowley, Economics Staff

Inflation remained above the government's target last month casting doubt on the hopes of Mr Kenneth Clarke, the chief finance minister, of achieving low price growth before the election.

The disappointing result, which came amid signs that shops are exploiting buoyant consumer demand to raise prices, came as manufacturers reported that their export orders had fallen to the lowest level for more than two years.

The Confederation of British Industry, the main employers' lobby, said its latest survey of manufacturing showed that the sharp rise in the pound has begun to choke off overseas demand.

But it said home orders remained buoyant and forecast that interest rates would have to rise by a quarter point to 6.25 per cent in the first quarter of next year as economic growth gathered pace. It said this would be followed by another quarter point rate rise in the second half of 1997.

Ms Kate Barker, CBI chief economist, said that "only a modest upward move in interest rates will be sufficient to contain inflation. And that does not mean that a rise in interest rates is required now."

The underlying rate of inflation was 3.3 per cent last month, unchanged from October, according to the Office for National Statistics. This leaves it some way above the government's target of 2.5 per cent or below.

The headline rate of inflation, which includes all items, was also unchanged in November at 2.7 per cent. The retail prices index rose 0.1 per cent between October and November to 153.9.

There were big rises in the prices of oil and petrol and leisure goods. The rise in clothing and footwear prices was the biggest for 23 years – suggesting shops have successfully managed to make autumn price increases stick.

The main offsetting downward pressures on inflation came from lower food prices as shops again offered discounts on foods, such as meat, and from cuts in fuel and light costs, which fell for the first time since March 1994.

The Treasury said that record low factory gate prices would soon begin to feed through to the high street, easing upward pressure on retail prices.

But the CBI reported that manufacturers' expectations of increased domestic goods prices picked up in December to the highest level since March.

The pound climbed slightly following the figures, gaining more than half a pfennig against the D-Mark to close at DM2.56.

The opposition Labour party said that the failure of the inflation rate to fall towards its target made "a mockery" of government claims that the sharp jump in October was temporary.

Polly Peck asset fight goes to European court

By Jim Kelly in London and John Barham in Ankara

London-based administrators of the collapsed Polly Peck empire are to go to the European Court of Human Rights in a bid to win shareholders access to assets in Turkey.

They will claim that the Turkish courts have violated the European Convention on Human Rights by upholding the rival claims of Mr Asil Nadir, the fugitive head of Polly Peck, in exile in the self-proclaimed Turkish Republic in North Cyprus.

The move will embarrass the Turkish government at a time when it is under intense international scrutiny over its human rights record. Mr Malcolm Rifkind, UK foreign secretary, is due to visit Cyprus next week.

Polly Peck collapsed in 1990 with debts of more than £1bn ($1.6bn). Mr Nadir fled to northern Cyprus in 1993 while facing charges of theft and false accounting involving £34m.

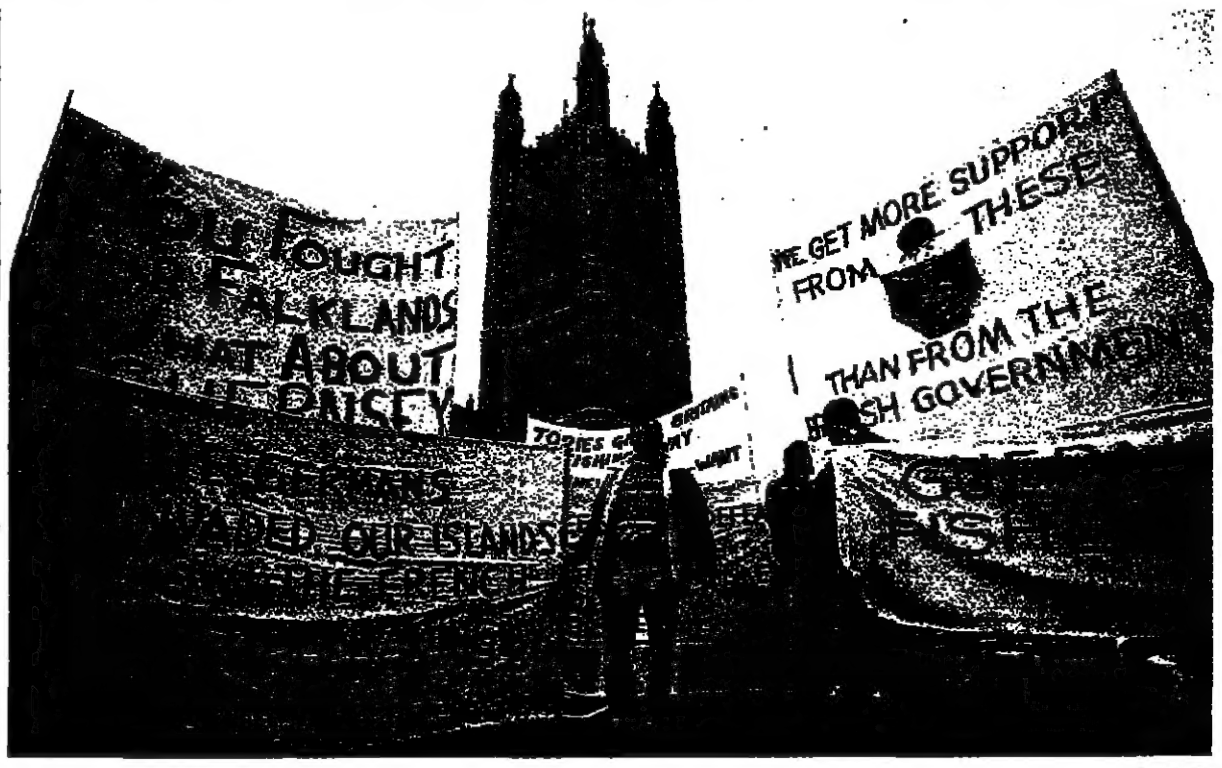
The court move marks a hardening of attitude on the part of administrators, accountants Coopers & Lybrand. "Our work in Turkey has been persistently thwarted by the systematic non-cooperation of the courts," said Mr Chris Barlow, lead administrator.

Mr Sermet Atacan, a Turkish foreign ministry spokesman, said: "I have no idea about this. I do not know if there is a problem or the nature of a problem."

The administrators also intend to go to the Court of Appeal in London to block claims by Greek Cypriot interests to assets realised in northern Cyprus. They claim rightful ownership going back to before partition of the island in 1974. The assets are understood to be worth in the region of $10m.

The application to the European Court in Strasbourg is on behalf of Voyager – a unit of Polly Peck International based on the Isle of Man. It claims Turkish courts have failed to recognise that it owns 80 per cent of AN Graphics – a Turkish printing company.

The administrators want the European court to order the Turkish courts to rehear relevant cases.



Brendan Corr

Guernsey trawlermen, in dispute with French rivals over fishing rights, protest at the Houses of Parliament. Mr Doug Henderson, of the opposition Labour party, has written to Mr Michael Howard, home secretary, requesting information

Share trading rules examined

By John Gapper, Banking Editor

The Securities and Investments Board is to examine new rules for the introduction of electronic share trading in the City to decide whether they are unfairly biased in favour of large investment banks.

The London Stock Exchange is to announce today that it will work further on some rules for the introduction of order-driven trading on October 20 next year before submitting them to a review by regulators, probably by the end of February.

The most contentious rules are those governing how soon a bank which risks capital to execute a large share trade must publish details, and the degree to which big trades must be executed using orders on electronic screens.

As part of this review, SIB is to consult the Office of Fair Trading, which has already expressed concern about rules allowing delays of up to 60 minutes in the publication of the details of big trades carried out by banks.

SIB has said it may allow exceptions to having complete transparency in the new market if liquidity would otherwise be damaged or trading driven offshore. However, the OFT wants to ensure that the rules are not anti-competitive.

The investment banks that currently act as market-makers in the London market want to preserve a set of privileges for the new regime of block trading that would take place alongside electronic order-driven trading on screens.

The rules have already faced criticism from Instinet, one of the largest agency brokers in the London market, on the grounds that they are unfairly weighted towards firms that risk capital, as opposed to agency brokers.

Separately, SIB yesterday confirmed new rules that will forbid banks from using derivatives contracts to gain profits for companies in circumstances where purchases of shares would constitute illegal trading on inside information.

The rules, drawn up to prevent companies gaining from the purchase of derivatives contracts in takeover bids, have been further tightened to cover contracts related to indices of shares as well as individual securities.

The change in the rules stem from a £1.2m bid made last year by the conglomerate Trafalgar House for Northern Electric, in which Trafalgar in effect placed a bet through "contracts for differences" that Northern's price would rise.

SIB's new guidelines, bringing the rules governing the purchase of futures and options in line with shares, bear on investment banks and regulated firms rather than companies because only they must comply with SIB principles.

The rules now say that purchases of derivatives based on share indices will be similarly restricted in cases where the security involved forms a substantial part of the index or a transaction may move the level of the index.

They say that a financial firm should not rely on a "bid facilitation" defence to enable a company to deal on the basis of inside information in indirect stakes where the dealing with provide only a cash benefit.

Forex scheme offers 'free draw'

By Clay Harris

UK residents are being offered the chance to win £5,000 ($8,250) in a "free draw" as part of the marketing effort for a scheme to speculate on the foreign exchange markets.

The direct mail solicitation comes from Anglo Scandinavian, which describes itself as being "in association with" Danish-based Scandinavian Forex and Futures Group. Anglo Scandinavian is a Spanish company, Mr David Rycott, managing director, said yesterday.

Its trading is run from Marbella, its back office is in Copenhagen and it has an administration office in Southwark, London. Danish company records list Mr Rycott as "management", director and owner of Scandinavian Forex.

Entry to the £5,000 draw is offered as an incentive to request a brochure. Mr Rycott said: "We don't speak to anyone unless they've applied to us, so there's no cold-calling." He confirmed that Anglo Scandinavian had UK customers.

The group also markets its currency investments in Scandinavia and Spain.

Anglo Scandinavian is not authorised by UK regulators, although they are aware of its marketing effort.

Under an "overseas persons exemption", its promotional material has been approved by Alexanders, an accountancy firm in Reigate, Surrey, as complying with the Financial Services Act.

Scandinavian Forex has applied for authorisation by Finanstilsynet, the Danish financial regulator. If approved, it would receive a "passport" to operate throughout the European Union under the EU's Investment Services Directive.

If the application is not successful, Mr Rycott said, "we have arrangements with members of authorised firms" in several countries, including the UK, to take over clients' business.

In May, Scandinavian Forex withdrew an application to the UK's Securities and Futures Authority for authorisation to offer "rolling spot" foreign exchange investments - rolled-over forward contracts of seven days or less.

The small print in Anglo Scandinavian's brochure states: "The rewards are great exactly because the risks are, and you can lose money as quickly as you can make it." It also says the UK's investors' compensation scheme does not apply.

Mr Rycott was a director of DPR Futures, a futures and options trading company wound up in 1988 by the Securities and Investments Board, the UK securities watchdog.

Freight operators warn of a terminal problem

The rush to develop rail links for the Channel tunnel market may result in an imbalance between regions

Developers and municipal authorities in the UK are scrambling to complete rail terminals which, they hope, will link their projects and their regions to the growing market for international rail freight through the Channel tunnel between England and France.

But developments are unco-ordinated and threaten to leave some areas with too many terminals and others without good rail freight links to mainland Europe.

Some areas, such as the West Midlands, could find themselves with a glut of terminal space while south Wales, London and south-east England may find themselves short.

Early forecasts suggested the opening of the tunnel would increase cross-Channel freight shipments from 2m tonnes a year to 6.5m tonnes within two years. Growth has been slower than this but there are still 160 long distance freight trains passing through the tunnel each week.

In the run-up to privatisation, Railfreight Distribution – the international freight arm of British Rail, the state operator – drew up plans for a network of nine terminals around the country. It spent £450m ($738m) improving facilities but financial pressures, the speed of privatisation and a re-assessment of traffic needs meant only six were completed.

Some, such as Mossend, on the outskirts of the Scottish city of Glasgow, were planned on a generous scale with space for industrial and retail buildings which developers say are needed to justify the rail investment. Mossend covers 260ha and has attracted an investment from Chung Hwa Picture Tubes, a Taiwanese company which plans to use rail for shipping products around Europe.

But others – including Willesden in London and Landor Street in Birmingham, the second largest city in England – are on cramped, inner city sites with limited scope for expansion.

"The time it takes to get planning permission for greenfield projects meant we had to develop existing railway sites," said Railfreight Distribution.

A feature of the new developments is their combination of rail freight handling facilities and conventional property development.

"It is difficult for a pure rail terminal to be viable on its own so we put together a freight village which operates as a logistics hub," says Mr David Baker of Baker Rose, a project consultancy.

Daventry rail freight terminal in the English midlands, a 145ha greenfield site between the main west coast rail line and the M1 motorway, is typical.

Its focus is a railport, with five reception sidings and the capacity to handle 10 Channel tunnel freight trains a day. Rail lines run into five of the buildings on the site but most of the area consists of conventional industrial space which can use road or rail links.

But there are still a number of terminals which, in spite of considerable investments, have limited scope for expansion.

"The established terminals are often in entirely the wrong place, surrounded by housing," said Mr Chris Nichols, secretary of the Rail Freight Group, which represents freight users.

Mr Julian Worth, business development manager at English Welsh & Scottish Railway, the US-owned freight group, says the situation in London and south-east England is a particular concern. He identifies a need for four terminals, two outside the M25 orbital motorway around London and two inside.

The rail freight industry pinpoints two problems facing the development of new terminals: the failure by Railtrack – the private company which controls track, stations and signalling – to retain disused freight depots for future terminal use, a charge denied by the company, and the government's parsimony with rail freight grants. The conditions for obtaining grants are to be eased but it is unclearwhat relief this will give.

A failure to develop a proper terminal network would deny rail freight the opportunity to become part of the increasingly sophisticated logistical schemes of big manufacturers and retailers. It would also mean that many freight shipments going by road.

Charles Batchelor

UK NEWS DIGEST

Struggle for millennium plan

Mr Michael Heseltine, the deputy prime minister, was last night struggling to produce a last ditch business plan for the millennium exhibition in Greenwich, south-east London, that would meet serious concerns raised by the opposition Labour party. As Labour continued to express fears that it could end up bailing out the exhibition if it wins the next election, Mr Jack Cunningham, the party's heritage spokesman, set out a new plan which could save the exhibition.

The Millennium Commission, the body managing the event, issued a statement that it was "now finalising the means by which the exhibition will be delivered within an acceptable budget".

Potential sponsors of the £700m ($1.15bn) exhibition – such as British Telecommunications and British Airways – have insisted they are not prepared to back the project unless Labour gives a commitment to underwrite it. Labour's concern over the viability of the budget had been triggered by a confidential risk assessment of the exhibition's business plan, it emerged yesterday. The assessment, drawn up by Towers Perrin, corporate risk analysts, showed the exhibition's business plan needed to be supplemented by a "recommended level of contingency" of £222m to be viable. Under Mr Cunningham's plan, the assets of the Millennium Commission in the year 2000 would be used as collateral to borrow additional money from banks. *James Blitz*

■ RESIGNATION

Ex-minister still has election role

Mr David Willetts, who resigned from the government this week, will keep his place on many of the governing Conservative party's main committees planning strategy for the next general election. In a sign that the party is determined to resurrect Mr Willetts' career as quickly as possible, the 40-year old MP will be consulted by Mr John Major, the prime minister, over the writing of the Conservative manifesto. The resignation of Mr Willetts, from his position of paymaster general, followed a damning judgment from a House of Commons committee over evidence he gave to them last month. But a senior cabinet minister admitted that divisions among Conservatives were the worst for nearly 150 years. *James Blitz*

■ PRIVATISATION

Launch of lobbying group delayed

Plans to set up a lobbying group to boost the image of privatised industries were yesterday shelved until after the general election, amid fears from some company executives that the scheme would antagonise the opposition Labour party. Labour believes the group was designed as a rallying point for opposition to its proposed windfall tax. The scheme has received enthusiastic backing from Mr Michael Heseltine, the deputy prime minister.

Many privatised companies turned down invitations to attend yesterday's opening meeting of the proposed new group, fearing retribution from an incoming Labour government. *George Parker*

■ TRAINING

Payments 'should go to students'

The opposition Labour party's proposed educational allowance for 16 to 18 year olds should be paid to the student not the parents, according to the Institute of Fiscal Studies, the think-tank. The conclusion, published yesterday, comes from a study of an Australian scheme launched in 1987 which has had some success in ensuring students from relatively deprived backgrounds stay on at school. The Australian scheme, however, relies heavily on the idea that the incentive to stay on is more powerful if the cash is paid to the student rather than the parent. The IFS study argues that giving students the cash would create a more level playing-field than if it were given to the parents.

● Labour is examining the possibility of introducing tax relief for small and medium-sized companies as a way of encouraging them to train their employees under the Investors in People scheme. The party believes small and medium-sized enterprises are discouraged from joining in the government-run Investors in People scheme because of the cost burdens. *Nicholas Timmins*

■ EMPLOYMENT

Government unveils job schemes

Mrs Gillian Shephard, the education and employment secretary, yesterday announced plans for two government-funded schemes to help up to 50,000 of the long-term unemployed get back into work. Pilot projects will be launched next spring in four cities under the new Contract for Work scheme in which private-sector contracting companies are to be asked to place 6,000 long-term jobless in work. The companies have until mid-February to tender for the work, which will include extended job placement and mentoring. A further 6,000 long-term jobless will be placed on programmes administered by the state employment service. The pilot schemes will run for 12 months. *Robert Taylor*

■ TAXATION

Labour seizes Treasury figures

The opposition Labour party yesterday renewed its assault on the government's taxation record, seizing on Treasury figures which show that the tax burden on the typical family has risen significantly since the last election. The figures show that the proportion of an average family's income absorbed by tax will rise to 35.1 per cent following last month's Budget, compared with 32.7 per cent in 1992-93. *David Wighton*

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FINANCIAL TIMES
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Week 50

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PRINTERS
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IN BRIEF

Asian paper mills set to pose threat

The expanding capacity of Asian paper mills could make them a disruptive force in world pulp and paper markets over the next few years. Experts predict that the capacity of new mills in Indonesia, South Korea, Thailand and other Asian countries will significantly outstrip rising demand in the region, becoming a net exporter of paper and newsprint by 2000. Page 32

Buoyant demand lifts Harvey Nichols
The cost of the new Harvey Nichols department store in Leeds in the UK, which opened for business in October, was revealed as £9m ($14.76m) as the upmarket retailer announced a 35 per cent rise in half-year pre-tax profits to £5.51m. Sales increased 16 per cent to £49.2m with nearly all the revenues generated from the group's one other store in Knightsbridge, London. Page 28

Coca-Cola buys into Russian bottlers
Coca-Cola, the US soft drinks company, is to take a minority stake in two Russian bottling plants belonging to the Cypriot-owned Leventis group. The move will cement the position of Leventis as one of the US company's half-dozen "anchor bottlers" around the world. Page 24

Wickes hopes issue will end uncertainty
Wickes, the troubled DIY retailer, yesterday ended almost six months of uncertainty over its future by unveiling a deeply-discounted £53.2m ($87.24m) rights issue and capital reconstruction to restore its balance sheet. Investors will be offered one new share at 150p for every 10 held. Page 27

Nursing group turns to securitisation
A UK residential nursing and healthcare company raised £80m ($131m) by securitising its income and assets, signalling growing European interest in this innovative financial technique. Craegmoor Group, the only non-publicly quoted company among the UK's top 10 providers of long-term care, will pledge its revenues and assets to a specialist financing subsidiary, which has issued the bonds and will use the income to pay the interest. Page 27

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
MAN Pref	314.5	+	8.5
Schmalbach Lub	385	+	27
Falls			
Altana	1108	−	27
BMW Pref	723	−	7
DLW	21	−	4.6
Karstadt	498.5	−	13
NEW YORK ($)			
Rises			
Allergan	28¼	+	2
MC Global	38¾	+	2¾
NCR Corp	40½	+	3½
Falls			
Luxottica	59⅞	−	5
Tenneco	45⅝	−	6⅛
Tribune	78⅞	−	3
LONDON (Pence)			
Rises			
Biocompatibles	742½	+	37½
Protean	136½	+	15
Vocalis	97½	+	10
Falls			
[illegible]	97½	−	14
Br Mohair	108	−	18½
Jones Stroud	395	−	30
TORONTO (C$)			
Rises			
Champ Rd Mach	8.6	+	0.8
Dreco Engy A	85.5	+	2.6
[illegible]	9.0	+	0.75
Falls			
ATS Auto Tool	20.75	−	1.0
Dominion Txtl	7.0	−	1.05
Everfast Sys	32.5	−	1.9
PARIS (FFr)			
Rises			
Cap Gemini	263.5	+	6.6
Club Med	343.1	+	8.1
Labinal	861	+	21
Falls			
Accor	685	−	7
Havas	398.1	−	10.6
Imetal	758	−	34
TOKYO (Yen)			
Rises			
Kikkoman	810	+	19
Tosi	858	+	19
Falls			
Daiwa Ho	614	−	28
Daikin	687	−	28
Chiyoda	736	−	49
Toshiba Plant	920	−	74
BANGKOK (Baht)			
Rises			
Thai P&C	92.0	+	7.0
[illegible]	25.0	+	2.0
[illegible]	47.25	+	4.25
Falls			
Asia Sea Fd	48.5	−	4.5
CVD Entertain	84.0	−	8.0
[illegible]	145.0	−	11.0

Hong Kong unavailable. New York and Toronto prices at 12.30pm.

BankAmerica to face shake-up

Third largest US bank will incur $280m charge for restructuring

By John Authers in New York

BankAmerica, the third largest US bank, yesterday announced it would be taking a pre-tax charge of $280m this quarter to pay for a widespread restructuring which will involve laying off 4 per cent of its workforce.

The changes are intended to move the bank's focus away from its traditional branch network towards more modern methods of retail distribution, such as automated teller machines, telephone banking and the Internet.

The bank is also repositioning its international operations, with fresh emphasis on emerging markets in eastern Europe, and a different product mix in Asia.

The changes reflect a growing trend for banks to focus on their core competencies and take steep restructuring charges if necessary.

Last month KeyCorp, the Cleveland-based bank, announced a $100m charge and a 10 per cent reduction in its workforce.

The move was part of its branch network rationalisation.

Next year BankAmerica will close about 120 of its 1,017 Californian branches, at a cost of about $100m.

It also plans to open an 200 outlets in shopping centres, as part of the growing trend towards "supermarket banking".

It already has about 1,400 retail outlets in the state, as well as 3,800 automated teller machines.

Mr David Coulter, chief executive, estimates that 70 per cent of "traditional branch transactions" are now carried out by customers outside branches.

The bank is also investing in online banking, although he said this did not yet account for a large share of its business.

Mr Coulter predicted the charge would result in a drop of $165m in after-tax income for this quarter, but that this would be recovered in cost savings by the end of 1998.

BankAmerica has surprised many analysts by not making any significant acquisitions during the wave of consolidation that has taken place in the US commercial banking industry over the last few years.

It now faces direct competition across its franchise from Wells Fargo, the other large San Francisco-based bank, which bought Los Angeles-based First Interstate this year in a fierce hostile takeover.

About $180m of the charge will cover wholesale banking. The changes will include expanding in eastern Europe through a "securities-led expansion" and stepping up capital markets operations in Tokyo.

BankAmerica's shares dropped by $1⅜ to $95⅝ in early trading. However, the charge came as no great surprise, as it fits with the bank's well-advertised strategy of seeking to improve shareholder value through cost cuts.

The fall in its share price was broadly in line with those elsewhere in the financial sector.

Dickson Concepts reports five-fold increase

By John Ridding in Hong Kong

Dickson Concepts, the Hong Kong luxury retailer, yesterday announced a five-fold increase in interim net profits to HK$833m (US$107.7m) as a solid underlying performance was boosted by exceptionals.

A gain of HK$653m was booked from the sale of a stake in Harvey Nichols, the upmarket UK retailer spun off in April. Dickson Concepts retains a controlling stake in the group, which recorded pre-tax profits of HK$66.5m for the period, a rise of 35 per cent.

The listing of Harvey Nichols is part of a broader restructuring of the group. The Hong Kong company recently completed the flotation of its S.T. Dupont arm, which makes luxury goods, notably pens and lighters. The listing will bring an exceptional profit of about HK$330m for the full year, according to the group.

Dickson Concepts is also considering a bid for Barney's, the New York-based department store company. The Hong Kong group is proceeding with due diligence and could make an offer by early next year, say analysts.

Stripping out exceptional items, the company recorded operating profits of HK$273.8m, a rise of 20.1 per cent. Turnover rose 25 per cent to HK$2.27bn in the first half. Dickson Concepts predicted that the double-digit growth rate should be maintained for the full year.

The group, headed by Mr Dickson Poon, said its strong recurring income base and its net cash position of HK$1.3bn placed it in a strong position to take advantage of investment opportunities. They also laid the basis for strong profits growth over coming years.

The group's operations in China remained profitable during the period. However, Dickson Concepts warned against expectations of any significant returns in the near-term, citing the weakness of consumer spending on the mainland.

Group earnings per share rose 13 per cent to 70.35 cents. An interim dividend of 30 cents per share and a special dividend of 6 cents per share were declared, marking a total increase of 20 per cent.

Harvey Nichols result, Page 28

Electronics group confirms flat earnings forecast

Siemens to shed further 6,000 jobs in Germany

By Wolfgang Münchau in Munich

Siemens, the German electronics group, is to cut a further 6,000 jobs in its German operations over the next year in an effort to improve efficiency and profitability.

The company also reaffirmed an earlier forecast of no further profits growth in the current financial year, which ends in September 1997. The forecast, made last month, led to a sharp fall in the share price.

Mr Heinrich von Pierer, chairman, said at the annual news conference yesterday that Siemens would hit its profitability targets but progress would be uneven.

The company reported in November that net profits had gone up 20 per cent to DM2.49bn ($1.59bn) from DM2.08bn on turnover of DM94.2bn during the last financial year to end-September.

"Apparently the fact that we have a medium-term goal of a 15 per cent return on equity led many to expect that we could now increase profits in the same magnitude every year – as in the last two years – in a simple linear progression. That is unrealistic," Mr von Pierer said.

He said the share price fall in early November of roughly 10 per cent "was nothing but a huge disappointment for us". Yesterday, the shares fell further, ending 65 pfennigs lower at DM72.55.

Chairman Heinrich von Pierer yesterday: most of the job cuts will come in the medical technology and plant technology divisions and at Siemens computer unit, he said Picture: Reuter

The flat earnings for the current financial year stem from the cyclical downturn in the semiconductor business and a downturn in the German economy.

Mr von Pierer underlined the company's continued commitment to its semiconductor plant in Newcastle. He said both phases of the project would go ahead as planned, but conceded that Siemens might slow the rate at which it builds capacity.

In the face of growing criticism from investors about the company's earnings performance, Mr von Pierer indicated that he intended to follow current strategy, but might accelerate productivity and disposal of non-core activities.

In the last financial year, Siemens increased productivity by about 8.5 per cent, yielding efficiency gains of roughly DM8bn. But most of this – DM6.5bn – was lost through price cuts.

The loss of 6,000 jobs in Germany will match cuts in the previous financial year. Mr von Pierer said most of the cuts would come in the medical technology and plant technology divisions and at Siemens Nixdorf Informations system, the computer unit.

Over the past three years, Siemens has cut its German staff by about 30,000 to 203,000. Mr von Pierer predicted that in two years Siemens would employ more staff abroad than in Germany. It currently employs 176,000 outside the country.

Siemens also announced plans yesterday to create a business unit, Siemens Financial Services, to group its financing and financial advisory services interests.

The new unit is scheduled to start in October.

Israel Electric to raise $600m in bonds issue

By Judy Dempsey in Jerusalem and Conner Middelmann in London

Israel Electric Corporation, the state-owned electricity company, yesterday issued $600m of bonds – the first time an Israeli company has tapped the international debt market.

The issue, which was substantially oversubscribed, follows the $200m eurobond debut by the state of Israel. Israel Electric had originally planned to raise $400m through the offering but the issue was increased because of strong US investor demand.

The company is seeking funding for its $8bn, eight-year, investment programme designed to upgrade and modernise the grid system and power plants. The company needs to expand its plant to cope with Israel's population growth – increasing at the rate of 2.2 per cent a year.

Israel Electric's own revenues have risen by a real 7.2 per cent over the past few years. Last year it had sales of $2.2bn. Its assets total $10bn.

Israel Electric has the same credit ratings as the government – A3 with Moody's and A- with Standard & Poor's, but its bonds are not guaranteed by the state.

Although the company has issued bonds on the Tel Aviv stock exchange, trading there is too small to raise the required capital. In addition, Israel Electric has reached a ceiling on borrowing from Israeli banks.

The issue was split into three tranches: $350m of 10-year bonds paying a coupon of 7.25 per cent and priced to yield 91 basis points (hundredths of a percentage point) above comparable US Treasury bills; $125m of 30-year bonds paying a 7.875 per cent coupon and yielding 125 basis points over Treasuries; and $125m of 100-year bonds with an 8.10 per cent coupon yielding 145 basis points over Treasuries.

Lehman Brothers acted as bookrunner – or lead manager – with Salomon Brothers as joint lead manager on the 10-year and 30-year portions.

According to Lehman Brothers, the issue was placed largely with US investment institutions, such as pension funds and insurance companies, which have a healthy appetite for higher yielding long dated assets that match their liabilities.

The strong demand caused the yield spreads to tighten soon after the launch yesterday. The 10-year spread narrowed to 88 basis points, the 30-year gap tightened to 122, and the 100-year yield premium fell to 143 basis points.

The $200m issue of five-year Israeli state eurobonds yields about 48 basis points over US Treasuries.

Confusion surrounds stakes in Indonesian gold deposit

By Robert Gibbens in Montreal and Bernard Simon in London

Talks on future ownership of the rich Busang gold deposit in Indonesia were bogged down yesterday amid conflicting claims and accusations.

Bre-X Minerals, a small Calgary-based exploration company which controls exploration licences to the property, has been under pressure from the Indonesian government to turn over the bulk of its stake to Barrick Gold, the international mining group.

However, Mr David Walsh, Bre-X's chief executive, said that Indonesia "appears to be seriously reconsidering its earlier decision compelling Bre-X into a partnership with Barrick".

Mr Walsh said Bre-X had been in talks with several other companies, including US-based Newmont Gold and Canada's Placer Dome.

The Indonesian authorities had appeared to increase the pressure on Bre-X to strike a deal with Barrick, saying it had cancelled Bre-X's application for contracts of work required before mine construction can start.

According to reports from Jakarta, Mr Umar Said, the mines ministry's secretary-general, had said the government was investigating whether Bre-X had falsely claimed ownership of Busang II and Busang III to North American regulatory authorities.

Busang, located in east Kalimantan, is estimated to contain 57m ounces of gold, possibly 100m. The property is expected to be developed into one of the world's biggest gold mines about the turn of the century. Construction will cost an estimated C$1bn-C$1.5bn ($735m-$1.1bn).

Barrick said it was still negotiating with Bre-X. Both said last week they had reached broad agreement, but some issues were unresolved.

Under the Indonesian proposal, Bre-X, which owns 80-90 per cent of the three zones of the Busang property, would turn over three-quarters of its interest to Barrick. The government has suggested it be given a 10 per cent stake.

Bre-X yesterday insisted that its exploration permits and mining licence applications "remain in good standing".

Trading in Bre-X shares reopened at about C$20, down 65 cents from Tuesday's close. Its shares were suspended on Wednesday following reports that the Indonesian government had refused to grant the contracts of work.

The Indonesian move has caused consternation among foreign investors in Indonesia and Bre-X shareholders.

Bre-X had indicated a willingness to sell a large chunk of its stake in Busang to an international mining group with the expertise and financial muscle to develop the property. Shareholders had hoped to secure the best possible price through a bidding process.

Sale of Major Irish Newspaper Titles

Deloitte & Touche Corporate Finance invite enquiries from interested parties in regard to the sale of the Irish Press Group newspaper titles. The three national newspapers - "Irish Press" "The Sunday Press" "Evening Press" - were founded by the former President of Ireland, Eamon de Valera.

The titles will be sold individually or as a group. An Information Memorandum in respect of the titles is available on request to assist any potential buyers.

All correspondence should be addressed for the attention of:

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AT&T awarded Hoechst contract

By Nicholas Denton

Hoechst, the German chemicals company, yesterday became one of the few multinational companies to acknowledge publicly it had chosen a foreign company as the primary provider of telecoms services for its global operations.

Its choice of AT&T of the US is a setback for Deutsche Telekom. The deal exemplifies the start of a tendency for large companies to shop around for telecoms services as European telecoms liberalisation in 1998 approaches.

In a deal worth up to $150m over three years, AT&T and allied European telecoms companies will provide advanced connections linking phones and computers at Hoechst's operations in the US, Germany and the rest of Europe.

Deutsche Telekom will continue to manage some forms of traffic, but AT&T will provide electronic mail connections and the extremely rapid "frame relay" services which big companies are increasingly adopting.

But Hoechst said the traditional relationship with Deutsche Telekom had no impact. "This is nothing to do with being patriotic or unpatriotic," said Mr Luigi Frigerio, telecoms manager of Hoechst. "Hoechst is a German name but a worldwide network of businesses."

To win the contract, AT&T overcame competition from a consortium of Deutsche Telekom and France Telecom, British Telecommunications' Concert alliance, IBM and Scitor, the computer network owned by the big airlines.

The Hoechst contract is a useful fillip to AT&T: although it was named as the most credible global telecoms company in a recent survey by consultants Yankee Group, rivals claim its international strategy is ineffective.

BT said yesterday that, of five tenders by large companies in which it had faced AT&T in October, it had won four. The US company also lost out to BT in the bidding to ally with Compagnie Générale des Eaux to attack the French market.

AT&T's alliance with the four European telecoms companies in the Unisource group – KPN, Telia, Swiss PTT and Telefonica – is looser than Concert, the joint venture between BT and MCI Communications of the US cemented by their announced merger.

Italy's airlines await heat of battle

Deregulation and an influx of new entrants threaten a shake-up of the industry

Competition in Italy's skies intensified this week with the launch of yet another small airline.

AZZURRAair is the newest arrival in the country's airline industry, where competition began in earnest a year ago when the national carrier, Alitalia, lost its monopoly on the key Milan-Rome flights.

Although the market was opened up in 1993 in line with European Union rules, fully-fledged deregulation has been delayed by domestic restrictions already in force on most routes.

AZZURRAair, which is 49 per cent owned by Air Malta and is based at Bergamo, northern Italy, has become the first Italian airline to schedule flights to London's City airport.

It has also bucked the trend for regional airlines to acquire second-hand aircraft by buying three Avro RJ-85 four-engined jets, made by British Aerospace, from Aero International Regional (AIR). AIR expects more sales to Italian operators shortly.

Air One, owned by Mr Carlo Toto, is another private operator that has grabbed 20 per cent of the Milan-Rome market while Noman, which began operating at the end of 1995 and is majority-owned by the La Starza family, has taken nearly 2 per cent.

On what was one of Europe's most expensive routes, Air One undercut the Alitalia standard fare by 22 per cent and the off-peak by 42 per cent, prompting Alitalia to respond this year with a more flexible fare structure including a L139,000 ($91) off-peak fare that matches that of Air One.

Since October, Air One has branched out from its Rome-Milan operation and now flies the important business routes of Rome-Turin, Naples-Milan and Naples-Turin. Its initial fleet of three aircraft has increased to eight – seven of them leased Boeing 737-300s – while its workforce, including an airport handling services arm, has doubled to 300.

Alitalia still carries 80 per cent of all domestic traffic and stiff competition has yet to emerge in the regional centres of Palermo, Catania and Bologna.

But private operators such as the long-established Meridiana, and newer entrants such as Air Dolimiti, Air Sicilia and the north-east airline Alpi Eagles, all see scope in niche markets.

Alpi Eagles, however, suffered a setback this month when its four aircraft were suspended briefly for infringing regulations after an incident in which a passenger door on a Fokker 100 opened shortly after take-off from Venice.

Trevor Humphries

Alitalia: the former flag carrier faces a European Commission probe into its restructuring

Mr Chris Avery, European aviation analyst at Paribas in London, says the Italian market is still in the early stages of liberalisation. "We have not yet seen a shake-up of early start-up airlines or any go under," he says.

The pattern seen elsewhere, he says, is for the national carrier to attempt to keep the new operators in loss by matching them in scheduling and pricing until their banks lose patience.

He believes survival may be easier in Mediterranean countries, where national carriers are not at the leading edge of low-cost service.

The entrants are also beginning operations at a time of difficulty for both Alitalia and Meridiana. Alitalia estimates losses and restructuring costs this year at L1,200bn and the European Commission is investigating the restructuring because of concerns that a L3,000bn capital injection broke EU state aid rules.

Meridiana, which is jointly owned by the Aga Khan along with Airfin, and Fimpar and Cariplo, the savings banks, is attempting to persuade unions to accept a five-year plan including a productivity agreement.

Meridiana, which has nearly half its activity on Sardinia routes, has seen revenue fall since deregulation. It expects to break even this year with estimated sales of L475bn, down from L512m.

It has warned its 1,200 staff that it will be forced to restructure if the plan is not agreed. "We want to consolidate our position as Italy's leading privately owned airline and increase our 17 per cent market share," says Mr Claudio Miorelli of Meridiana. "But we need to be competitive and to bring our labour costs down to at least the level of Alitalia and closer to the level of the new entrants which have not had to negotiate agreements with unions."

A fresh stage of competition begins next April when EU rules permit European-wide carriers to operate in Italy. There is also likely to be further liberalisation of ground-handling services, a big component of the costs of low-cost carriers.

Operators are also keen to see how new arrangements for slot allocation will work in practice. Until last month, when it relinquished the role, Alitalia was responsible for allocating slots at congested airports, but was recently fined for abuses which included scheduling its own flight times to overlap with those of competitors and impeding purchase of rivals' tickets through travel agents.

John Simkins

Coca-Cola increases links with Leventis

By Kerin Hope in Athens

Coca-Cola, the US soft drinks company, is to take a minority stake in two Russian bottling plants belonging to the Cypriot-owned Leventis group.

The move will cement the position of Leventis as one of the US company's half-dozen "anchor bottlers" around the world. Leventis also holds Coca-Cola franchises in Greece, Nigeria and several Balkan countries.

Leventis said yesterday the exact size of Coca-Cola's stakes in the plants at Oryel, west of Moscow, and Novosibirsk in central Siberia would be decided after a valuation of Moliho Beverages, the Luxembourg-based holding company which controls its east European operations.

In return, the Atlanta-based company will hand over another Russian Coca-Cola plant under its control to Leventis, which may later be offered additional Coca-Cola franchises in the former Soviet Union.

Leventis, a family-owned group, has been a Coca-Cola bottler for more than 40 years, but the Russian deal marks the US company's first equity stake in its operations.

Leventis has invested about $40m in the Oryel bottling plant, which serves a district of 15m residents. It is spending another $45m on a a greenfield plant for the Novosibirsk region, which is home to 27m people.

The group is also expected to invest about $60m in the former Yugoslavia, where Hellenic Bottling Company (HBC), its affiliate which bottles Coca-Cola in Greece, Bulgaria and Armenia, plans to take up franchises for Serbia and Macedonia next year.

HBC is negotiating joint ventures in both countries with local partners. In Macedonia, it will join forces with Athenian Breweries, the Greek affiliate of Heineken, to acquire a majority stake in Skopje Brewery, which produces both beer and soft drinks.

The company said yesterday its franchise for Greece, which was due to expire in mid-1997, had been renewed by Coca-Cola Atlanta for another 10 years.

Leventis has moved towards vertical integration of its soft drinks operations, producing PET plastic bottles, refrigeration equipment and bottle-tops at plants in Greece, Bulgaria and Romania.

HBC, listed in Athens, has a 30 per cent stake in Molino Beverages and is one of two quoted companies in the Leventis group. The other is Nigerian Bottling Company, listed on the Lagos exchange, which supplies a market of more than 100m people and projects pre-tax profits this year above $20m.

INTERNATIONAL NEWS DIGEST

KTM shares make solid start

Shares of KTM, the Austrian motorcycle company, rose 2.5 per cent to Sch605 in heavy trading on their first day on the Vienna stock market. The issue, the first initial public offering in Austria for more than a year, was 12 times oversubscribed and the shares were priced at Sch590, equivalent to about 16 times earnings.

Some 121,000 shares, about an eighth of the share capital, changed hands in the first day's trading. KTM is the first publicly listed motorcycle manufacturer in Europe and produced 15,086 machines in its last financial year. Roughly half the company's share capital was floated on the stock market and half of the Sch543m ($50m) issue was placed overseas. *William Hall, Zurich*

France Télécom in price plan

France Télécom yesterday announced an aggressive pricing policy for 1997, when it is to be partially privatised through the public sale of about 20 per cent of its capital.

The French utility is to raise its standard monthly telephone subscription, which is among the lowest in Europe, by 28 per cent next March to FFr68, with a new half-price subscription rate for "moderate" phone users, who would pay extra for their relatively rare calls. But it also plans to cut the cost of national calls by 17.5 per cent in March and 21 per cent in October, and to cut the cost of calling abroad by 20 per cent in March.

Mr Michel Bon, France Télécom chairman, said the utility was gearing itself to go to the stock market from the second half of April onwards. The exact timing would depend on market conditions, but he said France Télécom was "more encouraged than ever" by Deutsche Telekom's successful flotation. *David Buchan, Paris*

Bouygues, St Gobain in deal

Bouygues and Saint Gobain yesterday announced plans to merge two of their water and public services subsidiaries to create a new entity with a FFr12bn ($2.3bn) annual turnover.

Under the deal, which the parent companies said would be discussed with the subsidiaries' staff and French competition authorities, Saint Gobain would sell 80 per cent of its Cise water treatment company to Bouygues for FFr2.16bn. Bouygues would have an option to buy, and Saint Gobain the option to sell, the remaining 20 per cent up to March 2000. Bouygues' plan is to merge Cise with its subsidiary Saur during the course of next year. The agreed price for 100 per cent of Cise is FFr2.7bn, after payment by Cise of FFr155m in dividends to Saint Gobain by the end of this year. *David Buchan, Paris*

Premier Group ahead

A solid increase in first-half profits at Premier Group, the South African food, pharmaceuticals and retail group, has bouyed hopes of recovery at the debt-laden conglomerate.

Pre-tax profit of R258.4m ($54.9m) was not comparable with the R183.9m achieved in the previous period, as the group had disposed of subsidiary Clicks, the nationwide retail chain. But Mr Doug Band, chairman, said a 25 per cent increase in trading profits and modest sales growth were "an excellent improvement".

Turnover was 4 per cent higher at R8.1bn, despite a slump in consumer spending and harsh trading conditions. Earnings per share for the six months to October 31 increased from 12.1 cents a share to 15.1 cents. *Mark Ashurst, Johannesburg*

Tractebel defers decision

Tractebel, the Belgian utility, said its board would consider a merger with Powerfin, its 60 per cent owned subsidiary, when the two companies' 1996 accounts had been finalised. Tractebel and its controlling shareholder, Société Générale de Belgique, have been looking at a merger with Powerfin since September, when SGB increased its stake in the group to 65 per cent. Powerfin was set up to spearhead Tractebel's expansion in the electricity sector abroad. *AFX-News, Brussels*

Metsä eyes Biber paper arm

Metsä-Serla, the Finnish pulp and paper concern, said it was holding talks on the acquisition of the fine paper operations of Biber Holding, the Swiss company. Metsä-Serla said the talks applied only to Biber's fine paper operations. *AFX-News, Helsinki*

Canal Plus deal goes ahead

Mr Pierre Lescure, chairman of Canal Plus, the French pay-TV company, said the merger between Canal Plus and NetHold would be signed on Saturday and effective from March. Mr Lescure said it would have a "clear impact" on Canal Plus's 1997 results, because of losses at NetHold, which reached FFr800m in 1995. *AFX-News, Paris*

Philips may dispose of cable TV business

By Alan Cane

Shares in Philips Electronics rose Fl 1.20 yesterday to close at Fl 67.40 after the Dutch company confirmed it was examining the possibility of disposing of its extensive cable television activities.

These include networks in Amsterdam, Eindhoven, Brussels and Vienna covering more than 2m subscribers. The cable interests are held by a joint venture company, UPC, owned equally by Philips and by the US group United International Holdings.

Philips said it was examining various options and did not rule out the possibility of an outright sale. It is understood Philips is prepared to examine the possibility of selling its interests either as a whole or in parts.

Philips said there had been no negotiations with potential buyers and no decision had been taken. It would not comment on the possibility that UIH could be a potential buyer of the stake. UIH has not made clear its position on a disposal.

The disposal of Philips' cable interests would be in line with the policy outlined by Mr Cor Boonstra, the company's new chairman, who told journalists in late October he intended to cut activities that absorbed capital but were not core to the company's ambitions.

The projected disposal, however, raises questions about the value of the assets and the ambitions of potential buyers.

In the UK, for example, the cable companies Videotron, Nynex CableComms and Bell CableMedia are to be merged with the telecoms interests of Mercury Communications in a deal masterminded by Cable and Wireless.

The deal is less about promoting cable television than cable telephony. As cable companies in mainland Europe win the right to offer telephony over their networks, Philips' 2m customers will represent an increasingly valuable asset.

INVITATION

to Subscribe for New Participation Certificates with a Nominal Value of ATS 100,– Each

Notice is hereby given to the holders ("Holders") of Participation Certificates of Raiffeisen Zentralbank Österreich Aktiengesellschaft ("RZB-Austria") of the issue of new Participation Certificates with a nominal value of ATS 100 each. The new participation certificates ("New Participation Certificates") will from 1st January, 1997 onwards be entitled to a yearly dividend at a fixed annual rate of 7% on the nominal value, provided that there is sufficient annual distributable profits. If the fixed annual dividend on the New Participation Certificates is not paid in full, the unpaid amount will not have to be paid out of the distributable profits of the following business years. Other conditions will remain the same as for the Participation Certificates issued by RZB-Austria (formerly: Genossenschaftliche Zentralbank Aktiengesellschaft, GZB-Vienna) in 1987.

The new issue was authorized at an extra-ordinary general meeting of the shareholders held on 12th December, 1996.

Holders of Participation Certificates of RZB-Austria are hereby invited, during a period between 13th December, 1996 and 27th December, 1996 (both dates inclusive) (the "Subscription Period") to subscribe for New Participation Certificates: 22.963 Participation Certificates give the right for the subscription of 2.498 New Participation Certificates at a subscription price of ATS 480,– by presenting dividend coupon no. 14 at the offices of any of the Receiving Agents listed below or by presenting the same at the Holder's Depositary Bank.

Normal banking commission will be charged, provided subscription is made at any of the Receiving Agents and dividend coupons n. 14 arranged in numerical order are presented together with a list in duplicate specifying Participation Certificate numbers.

Receiving Agents outside Austria are:

Citibank N.A., London,
Citibank N.A., Brussels,
Citicorp Investment Bank (Luxembourg) S.A., Luxemburg,
Credit Suisse, Zürich,
DG BANK Deutsche Genossenschaftsbank, Frankfurt.

Subscription rights cannot be exercised after the expiration of the Subscription Period.

Payment for the New Participation Certificates must be received by RZB-Austria on or before 31st December, 1996 at the latest.

RZB will use its reasonable endeavours to arrange for an OTC-trade in subscription rights between 16th December, 1996 and 18th December, 1996 (both dates inclusive).

Vienna, 13th December, 1996

RAIFFEISEN ZENTRALBANK ÖSTERREICH AKTIENGESELLSCHAFT
RZB-AUSTRIA

French take to streets over Eurotunnel concession

By Andrew Jack in Paris and Motoko Rich in London

Individual shareholders in Eurotunnel took to the Paris streets yesterday to try to force the French and UK governments to extend the concession granted to the operator of the Channel tunnel rail link.

About 100 investors, most well above France's retirement age, marched to the British embassy to submit a letter calling for the UK's support for an increase in the concession to up to 999 years. The British government is opposed to an extension, while France appears to be in favour.

Mr Christian Cambier, march leader and head of the Association of Eurotunnel shareholders, said an extension was a prerequisite for investor approval of the company's £9.1bn ($15.1bn) debt restructuring programme. Investors are scheduled to vote on the plans next spring. However, in an indication of softening investor sentiment, a sub-committee of the association said yesterday it agreed with some of the plan.

Mr Cambier's association, in conjunction with a mass campaign launched by the fortnightly newspaper Investir, collected enough votes to form a blocking minority at Eurotunnel's annual general meeting last summer, and could jeopardise approval of the restructuring.

The British embassy said yesterday: "The extension of the concession is the subject of discussion, and we will respond in due course."

A report published yesterday by Klesch & Co, the debt traders, said an extension to the concession "would add little current value to the underlying worth of the group's equity".

On its estimates, the company's shares are worth about 50p each, compared with yesterday's London closing price of 82p, up ½p.

The report suggested last month's tunnel fire could have a more lasting effect on the group's refinancing programme if passengers switched to alternative forms of travel, the insurers raised their premiums, or if the Channel Tunnel Safety Authority called for a re-design of the freight rolling stock.

"We are not saying that this fire in isolation says the restructuring is dead before it is done but in our view it makes it a lot more fragile," said Mr Jeff Summers, Klesch analyst.

However, another analyst said: "There is no material long-term impact of the fire. It was bust before this incident and it is bust afterwards. It's just a question of whether infinity plus two is more than infinity."

The Financial Times plans to publish a Survey on

1997- Global Business Outlook

on Tuesday, January 7

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Source: BBS 1995 and Chief Executives in Europe 1995

FT Surveys

هكذا من الأصل

Tobacco stocks prove healthy for investors

By Richard Tomkins in New York

Tobacco stocks are a bad buy, right? No-one in their right mind would buy shares in an industry threatened by billions of dollars worth of lawsuits.

Wrong. One of the hottest stocks on Wall Street is Philip Morris, the biggest US tobacco company. In the past few weeks, its shares have leapt so fast, they have left the market's rapid advance in a trail of smoke.

As recently as August, Philip Morris shares touched a low of $85⅝ after a Florida jury awarded damages of $750,000 to a cigarette smoker who had contracted lung cancer. (The verdict is under appeal).

But that lawsuit now seems to have been forgotten. In a rally that began to accelerate after last month's US presidential election, Philip Morris's stock – and only slightly less that of RJR Nabisco, the second-biggest tobacco company – has soared.

At lunchtime yesterday, Philip Morris shares were at $116⅛, representing a increase of 36 per cent in less than four months. RJR Nabisco shares were at $33¾, a gain of 33 per cent over the same period.

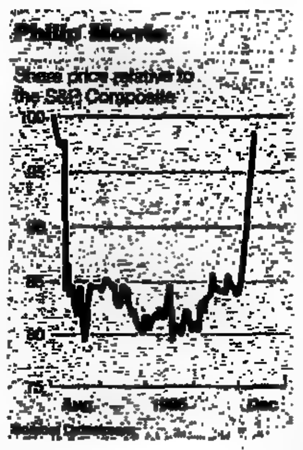
On the face of it, the gains are inexplicable. Nothing significant has happened in the US tobacco industry recently: there has been no sudden leap in profitability, nor has the industry won any big court cases.

Wall Street tobacco analysts say the gains are partly explained by a hiatus on the litigation front.

Wall Street tobacco analysts say the gains are partly explained by a hiatus on the litigation front – and the political climate also looks relatively favourable

Mr Norman Wilner, the anti-tobacco attorney who triumphed in the Florida case, has hit delays in pursuing lawsuits: his next trial is not expected to begin until April.

The political climate also looks relatively favourable. Although President Clinton, a tobacco industry foe, was re-elected last month, the more pro-tobacco Republican party maintained control of Congress, limiting Mr Clinton's ability to inflict much damage.



More good news for cigarette manufacturers came last month when Mr David Kessler, the strongly anti-tobacco head of the Food and Drug Administration, announced his decision to resign.

"That brought a large, collective sigh of relief," says Mr Terry Bivens, an analyst at Donald & Co Securities. "It seems clear that we won't get a successor who is as aggressively anti-tobacco as he was."

But Mr Gary Black, of Sanford C. Bernstein, says the biggest reason for the stock price gains is speculation that the tobacco industry and Congress will do a deal next year giving the industry immunity from anti-tobacco litigation. "There's a lot of talk about it on the street, and that's what's driving the stocks higher," he says.

The speculation was given a boost last week when Mr Steven Goldstone, RJR Nabisco chairman and chief executive, told a private meeting of chief executives in Boston that the "most meaningful" thing he could do next year would be to find a legislative solution to the litigation problem.

"I believe we'll come to reasonable ground and do it soon," Mr Goldstone said. "We can't continue in public as kind of an outlaw industry."

A legislative settlement would probably require the industry to fund a government-run compensation programme.

But Mr Black says cigarette manufacturers could raise the cash by increasing prices: an extra 25 cents per pack would raise $6bn a year, and any loss of sales would be more than outweighed by the relief from litigation.

If that happens, Mr Black says, Philip Morris would arguably trade on at least a market multiple.

PepsiCo begins South American marathon

Joint venture with Empresas Polar aims to win back lost 80% share of Venezuela cola market

When PepsiCo chose Venezuela for its first non-US plant 50 years ago, it was one of the few countries where Pepsi-Cola out-sold its rival Coca-Cola.

Today, PepsiCo is starting from scratch with 30 per cent of a joint venture in an attempt to recover the 80 per cent market share lost when its former bottler, the Cisneros group, switched to Coca-Cola in August.

PepsiCo was quick to put together the new operation, Sociedad Productora de Refrescos y Sabores, (Sopresa), with the Venezuelan food and beverage group Empresas Polar. But the company admits recapturing the market will take time. "This isn't going to be some sort of short-term 100-yard dash. This is a long-term marathon and we don't underestimate how difficult our time ahead is going to be," says Mr Roger Enrico, chief executive officer of PepsiCo.

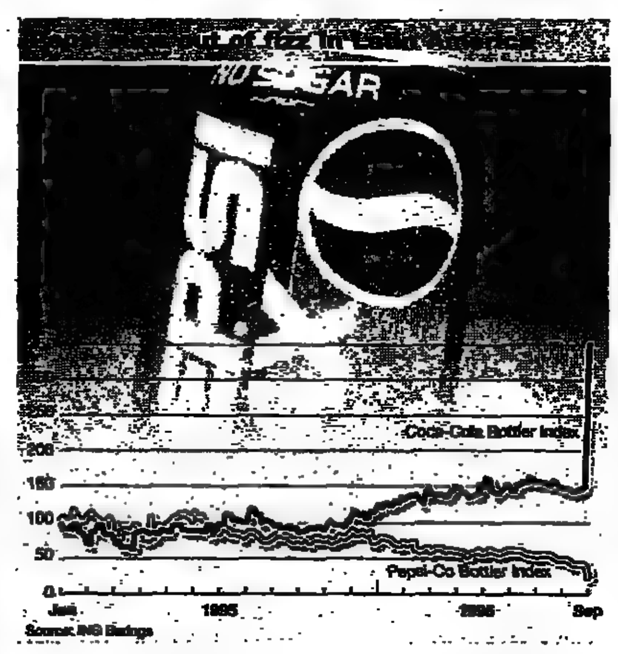
Mr Enrico does not hide his bitterness towards the group's former partner, whose defection to Coca-Cola left Venezuelans with little more than Pepsi advertisements in the streets. Explaining why the partnership fell apart, he says: "A big red truck full of money showed up on the door step and our partner decided to get in and drive away with it."

PepsiCo is seeking $118m in compensation from the Cisneros Group for the breaking of a contract supposed to last until 2008.

The Venezuelan anti-trust agency, Procompetencia, on Tuesday ruled that the alliance between Coca-Cola and Cisneros could go ahead, but fined the company $1.9m for violating anti-monopoly regulations.

Procompetencia ordered that the joint venture between Coca-Cola and Hit de Venezuela, the Cisneros subsidiary, could not bottle more than one brand of a single flavour soft drink and would have to sell the licence for other sodas.

Both companies celebrated the ruling as a victory. "This proves that Coca-Cola and Hit are a legal entity and all the allegations that Pepsi made were completely false," said a Coca-Cola spokeswoman.



Mr Alberto Uribe, president of PepsiCo in Venezuela, said the ruling "not only re-established free competition in the market but severely punishes Coca-Cola, which tried to enter the market violating the laws of this country".

Not that Sopresa believes Pepsi's problems are over. "There are many obstacles to our progress here," says Mr Enrico. "We will have to build the business from the ground up."

Sopresa has only one production plant, which previously produced Polar's own soft drink brand, Golden. Another plant will start operating in the first quarter of 1997.

Pepsi-Cola produces the soft drink concentrate at its Venezuelan plant at Yanare, which also supplies Colombia, Ecuador, Peru, Bolivia and Paraguay.

Though PepsiCo continued advertising its products even when they were not available, an aggressive advertising campaign will be postponed until Pepsi has recovered its market penetration.

"The important part in this market is the distribution," says Mr Oscar Grossmann, soft drinks manager of Empresas Polar and president-elect of Sopresa.

Unlike other markets, where much of the cola battle is carried out with heavy publicity, the case of Venezuela dictates that distribution takes precedent over advertising, according to PepsiCo. "We don't need to teach anybody here how to drink Pepsi," Mr Enrico says.

Despite Polar's large beer distribution network, which reaches 140,000 sales points, Sopresa will build up its own network.

"You'll never see soft drinks on a beer truck," says Mr Lorenzo Mendoza Giménez, executive director of Polar. "They're set up completely differently." Sopresa is to increase its fleet of trucks from 250 to 1,500 within two years. Investments over the next three years will total $400m.

Given the current conditions, Pepsi-Cola's goal of recovering market leadership within two years is ambitious. Sopresa expects to sell 50m cases next year, roughly 25 per cent of Venezuela's soft drinks market.

Raymond Colitt

AMERICAS NEWS DIGEST

JP Morgan debt rating outlook cut

Standard & Poor's, the US rating agency, has lowered the outlook on J.P. Morgan and Co's AA plus senior debt rating from stable to negative.

The agency cited J.P. Morgan's changing financial profile, as the bank's business shifts towards investment banking. J.P. Morgan recently issued preferred stock and announced a share repurchase programme, both of which could lead to further leveraging of the balance sheet.

The agency said capital levels were no longer high enough for the triple-A rating category, though J.P. Morgan's parent, Morgan Guaranty, is still rated triple-A. "The expense base has grown rapidly as the bank built its investment banking capabilities," S&P said, adding that "operating leverage could make the bank more subject to the cyclical earnings swings prevalent among investment banks". *Tracy Corrigan, New York*

CBOT re-elects Arbor

Mr Patrick Arbor was re-elected to a third two-year term as chairman of the Chicago Board of Trade in a membership vote on Wednesday, making him the longest-serving chairman in the history of the world's largest futures exchange. Mr Arbor is an independent floor trader and principal in the trading firm of Shatkin, Arbor, Karlov & Co.

Mr Richard Sandor, chairman of New York-based Centre Financial Products, was elected second vice-chairman for a two-year term. Mr Sandor, a long-time innovator in the derivatives markets, most recently served as a member of the Chicago Mercantile Exchange's board of governors. *Laurie Morse, Chicago*

US natural gas alliance

Oneok, the US natural gas distribution company, and Western Resources, the Kansas-based electricity company, plan to form a strategic alliance to combine their natural gas assets in a transaction valued at $660m.

Oneok will own and operate the natural gas assets of Western Resources in Kansas and north east Oklahoma. Western Resources will become the largest equity holder of Oneok through a combination of common and convertible preferred stock. Western Resources and Oneok expect the agreement to help earnings for both companies in the first year. The pact has received approval from both companies' boards.

Western Resources will get about three million new Oneok common shares and preferred stock convertible upon necessary regulatory approvals into another 19.2m common shares. Western Resources will nominate two directors to Oneok's board and an additional two directors if the preferred stock is converted to common shares. *AP-DJ, Kansas*

Eluma president leaves

Mr Jorge Washington Queiroz, the president of copper-product maker Eluma, a subsidiary of the Brazilian mining and metallurgy conglomerate Paranapanema, has left the company because of "differences in management style regarding the strategic vision for Eluma's future", Mr Queiroz told Dow Jones News Services.

Paranapanema says the departure was by mutual agreement. The Paranapanema president, Mr Dennis Braz Goncalves will take on the position. *AP-DJ, Rio de Janeiro*

NOTICE OF MEETING OF NOTEHOLDERS

JDC CORPORATION (the "COMPANY")

US$140,000,000 1⅛ PER CENT. GUARANTEED NOTES DUE 1997 (the "NOTES")

GUARANTEED BY THE TOKAI BANK, LIMITED (the "GUARANTOR")

The Mitsui Trust and Banking Company, Limited at its offices at 5th Floor, 6 Broadgate, London EC2M 2TB (the "Principal Paying Agent") on behalf of Tokai Trust Company of New York ("the Trustee") hereby gives notice to the holders of US$140,000,000 1⅛ per cent. Guaranteed Notes due 1997 issued by the Company (the "Notes") that, pursuant to the provisions of the Trust Deed dated 17 June 1993 made between the Company, the Guarantor and the Trustee (the "Trust Deed") relating to the Notes (copies of which are available for inspection at the office: of the Paying Agents specified below), a meeting of the holders of the Notes (the "Noteholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23 January 1997 at 12:00 pm (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Notes or voting certificates or being proxies and being or representing in the aggregate of holders of over 50% in principal amount of the Notes for the time being outstanding.

Pursuant to Clause 26 of the Trust Deed, the Trustee has given notice to the Company and the Guarantor of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 25 (A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Noteholders passed in a meeting duly convened in accordance with the Terms and Conditions of the Notes.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Noteholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Noteholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as the new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23 January 1997;

(c) the Noteholders hereby authorise the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of this resolution; and

(d) this resolution and all subsequent actions taken by the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Noteholders of the Notes.

Only bearers of voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Noteholder wishes to vote in person, he must deposit his Notes with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Noteholder.

If a Noteholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Notes with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Notes should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, société anonyme to whom Notes are credited in the relevant clearing system (excluding Euroclear System and Cedel Bank, societé anonyme themselves to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform any Paying Agent no later than 72 hours before the scheduled time for the meeting of the number o votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law.

Principal Paying Agent

The Mitsui Trust and
Banking Company, Limited
5th Floor, 6 Broadgate, London EC2M 2TB

Paying Agents

Mitsui Trust Bank (Europe) S.A.
Avenue Louise, 287-Bte 5, 1050 Brussels

Morgan Guaranty Trust Company of New York
Avenue des Arts 35, 1040 Brussels

Nikko Bank (Luxembourg) S.A.
16 Boulevard Royal, 2449 Luxembourg

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Hyundai Motor to accelerate Asia push

By John Burton in Seoul

Hyundai Motor, South Korea's largest car producer, plans to produce a new car for the Asian market in an ambitious attempt to sell 1m vehicles in the region by 2005.

The Hyundai "Asian unique model", which will be on the market in early 1999, is meant to compete against similar Asian cars being produced by Japanese carmakers Honda and Toyota.

The announcement of the venture came as Hyundai Motor this week broke ground in India for its first Asian manufacturing plant outside Korea. The plant, which will go into operation in 1998, is expected to produce 200,000 vehicles a year once fully completed, in 2005.

The Hyundai Asian car will be similar in size to its popular Accent model. It will be equipped with 1,300cc and 1,500cc engines, and 80 per cent of the components will be sourced from local manufacturers.

Hyundai plans to set up a regional headquarters in south-east Asia to oversee production and marketing.

The $1.1m Indian plant, near Madras, is expected to play a key role in supplying the Asian market, and will produce engines and transmissions for other Hyundai assembly plants in the region.

Hyundai sold 90,000 vehicles in Asia last year, accounting for 18 per cent of its total overseas sales.

Esprit Asia tightens its grip on global trademark

By Louise Lucas in Hong Kong

Esprit Asia, the Hong Kong-listed fashion retailer, is to pay HK$1.84bn (US$237.9m) for the European, sourcing and licensing operations of the Esprit empire.

By bringing the different businesses under one roof, Esprit Asia plans to expand the brand in Europe, and to cut overheads by streamlining sourcing and other operations.

It also plans to diversify beyond fashion into lingerie, perfumes, jewellery and cosmetics under the Esprit label.

Mr Alva Chan, executive director of Esprit Asia, said the company – which is an integrated retailer, with its own production department – was able to meet less than 15 per cent of its manufacturing needs at its own 600-employee factory in China.

"Through the acquisition, there is synergy on the sourcing and production side: now, 70 per cent to 80 per cent of Esprit Asia products are designed in Germany."

Esprit Asia is buying the businesses primarily from a company controlled by Mr Michael Ying, chairman and chief executive of Esprit Asia, which is itself the majority shareholder in the Hong Kong-listed group.

Under the deal, Esprit Asia is to acquire all of Esprit Europe and Esprit Far East (Sourcing), as well as 68 per cent of Esprit International, which owns or controls the Esprit trademark in a number of countries, and has small stakes in the US and Japanese operations.

After the transaction, which remains subject to shareholder approval, Esprit Asia will wholly own the Japanese business.

The deal will be partially funded by a HK$307.8m share issue, with the balance coming from a bank loan and internal resources.

This will push the company's gearing up to 139 per cent including goodwill, or 239 per cent excluding goodwill.

Mr Chan conceded the level was high compared with other Hong Kong corporates, but said the interest cover of five or six times was "comfortable".

Esprit's biggest operation is in Europe, where turnover is more than US$470m. But Mr Chan reckons Europe also offers some of the biggest scope for expansion, as stores are now concentrated largely in Germany and Benelux.

The US and Asia operations each have turnover of slightly more than US$250m. Stores in all three markets are a mix of directly controlled shops and franchises, all of which tap Esprit Sourcing's operations.

Mr Chan said that, despite common management, the three different regions were now pursuing slightly different target markets: a junior look in the US; "provincial housewife" in Europe; and more trendy fashion in Asia.

"Of all the synergies, design will be more unified. In future, Germany will not just think of the German market, but of a global market," Mr Chan said.

Former Magma chief to leave BHP copper arm

By Nikki Tait in Sydney

Mr Burgess Winter, the former chief executive of US-based Magma Copper, is to retire from BHP. Mr Winter became the head of BHP's copper division after the Australian resources group acquired Magma for A$3.2bn (US$2.53bn) in January.

A statement from the Melbourne-based company said that Mr Winter, 63, was departing "to pursue a range of business and personal interests". There was no formal contract between the US executive and the Australian group.


Burgess Winter: oversaw the integration of Magma

Mr Winter's place will be taken by Mr Jim Lewis, currently executive general manager, corporate development. Mr Lewis has been with BHP for more than 20 years, moving up on the coal, steel and transport sides of the business.

Mr John Prescott, BHP managing director, said last night that there had been no pressure from BHP on Mr Winter to depart. He pointed out that the integration of Magma with BHP's existing copper assets had been completed and that a new organisational structure was now in place.

It had been "within the terms of the arrangement" between them that the US executive could choose to leave at this stage, he said.

The Magma deal, which made BHP the world's second-largest copper producer, was applauded when first announced. It gave BHP an involvement in copper smelting via Magma's San Manuel smelter in the US. This was seen as advantageous because of the Australian company's growing supply of copper concentrate from the Escondida mine in Chile, as well as from Ok Tedi in Papua New Guinea.

But subsequent upheavals in the copper market stemming from the Sumitomo scandal made the acquisition appear ill-timed, and there has been pressure on BHP to make the deal perform.

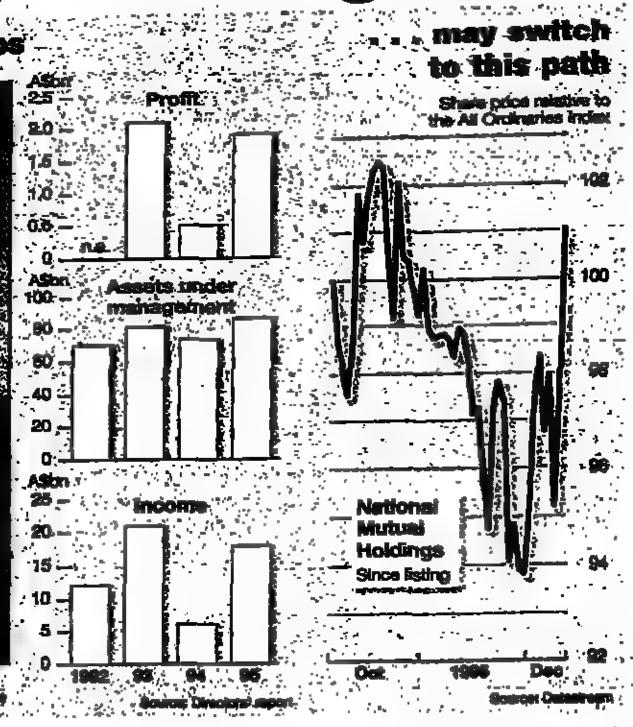
In August the group seconded Mr Bob Flew, its corporate general manager, international, to the newly formed BHP Copper division in order to bring experience from the wider group to the enlarged copper business.

AMP gives in to listing urge

Life insurer's chief believes benefits of demutualising outweigh risk

AMP's solid steps


George Trumbull, managing director and chief executive



The first whiff of demutualisation at AMP, Australia's largest life insurer, could be scented two years ago.

Within months of the arrival in mid-1994 of Mr George Trumbull, the US insurance executive, as managing director, the option was clearly on the table. There was an even chance that the institution could shed its mutual status by 1999, the new boss said later that year.

"It is easier to run a commercial enterprise, in my view, as a stockholder company," he said. "But ... it's a major undertaking and we won't do it lightly."

Until then AMP had downplayed talk of changes to its structure, despite the growing popularity of demutualisation internationally. It pointed out that it was well-capitalised and had no need to raise additional funds through the stock market – a primary motivation for many other insurers.

But Mr Trumbull's appointment was in itself a recognition by AMP's board that the institution needed an overhaul. In contrast to many Australian financial institutions, the life insurer – which speaks for about 4 per cent of the Australian equity market – had emerged from the turbulent 1980s in solid financial shape.

Nevertheless, it was increasingly seen as a heavily bureaucratic organisation, slow to respond to consumer demand and in danger of losing its way in a rapidly evolving and increasingly competitive savings industry. Its investment performance was flagging, and by 1994 its share of total life premiums in Australia had dropped to 19 per cent, compared with 27 per cent five years earlier.

So, as the new managing director pursued an internal "culture change", the demutualisation option was explored alongside it. In January this year, AMP set up a taskforce to review the corporate structure. Yesterday, the board announced it had studied the review's conclusions and was backing demutualisation.

The timetable for change remains relaxed. AMP's 2.3m members will have a chance to discuss the issue at next April's annual meeting, but formal details will be sent to them only in the middle of next year. A vote will be taken in the second half of 1997.

If members back the plan, a new global holding company will be introduced, with units such as AMP Society, the main life company, and the UK-based Pearl becoming subsidiaries of it. The holding company will probably be listed in late 1998.

Yesterday Mr Trumbull made clear that his views on the rationale for demutualisation had not changed. "We could go on as mutual for a period of time," he said.

"But our judgment, after weighing all the factors, is that the change at this point in time makes good sense. It enables us to have more flexibility, changes the corporate governance and ownership structure into something more modern, and acts as another lever in changing the culture of this society ... so that we can continue to be a competitive force."

Doubts remain about whether this time-consuming process will hamper AMP's ability to respond to changing market conditions in the interim. The Australian government has instigated a wide-ranging inquiry into the country's financial sector. This is due to report early next year, and a big shake-up could be in view.

Mr Trumbull has no such doubts. He has not hidden his desire to make AMP a more broadly based financial services group, but claims the group could still make important acquisitions while demutualisation is taking place – at least until a pre-listing prospectus is issued.

"We continue actively to evaluate acquisitions ... in various parts of the world," he said yesterday, adding that deals in the A$2bn-A$5bn (US$1.6m-US$4m) range would be well within AMP's current capabilities. "I don't think it'll have a big impact short-term on any of our strategies."

He suggested that areas of interest to AMP included pensions, savings and investment management, and that a conventional banking business held less appeal. The focus was on the main English-speaking markets, such as the UK, the US and Australasia.

When listed, AMP will be one of the bigger companies on the Australian stock market. National Mutual, the country's second-largest life insurer, which listed earlier this year, accounts for about 1 per cent of the All-Ordinaries index, and AMP could be three times larger.

This will mean that index funds need to build up holdings, and Mr Trumbull said yesterday AMP would expect a fair portion of its shares eventually to be held offshore, perhaps by US institutions.

Demutualisation, however, will not come cheap. To date, AMP has spent A$10m on evaluating its options, and it will come up with another A$50m-A$100m in the pre-listing stage. Then there will be the listing costs themselves, not to mention the expense of managing a potentially large share register.

The 147-year-old institution may even have to find a new name. The "M" stands for "Mutual", and if US shareholders join the register, there could be confusion with a company called AMP Inc, which is traded under "AMP" on Wall Street.

"We haven't picked a name," said Mr Trumbull yesterday, before quickly stressing that the main life subsidiary would continue to carry the AMP title.

Nikki Tait

NOTICE OF MEETING OF BONDHOLDERS

Seika Corporation ("Company")
US $100,000,000 2 3/8 Per Cent. Guaranteed Bonds Due 1997 ("Bonds")
Guaranteed by The Bank of Tokyo-Mitsubishi, Ltd. ("Guarantor")

Bank of Tokyo-Mitsubishi Trust Company at its offices at 100 Broadway, New York, NY 10005 (the "Disbursement Agent") on behalf of Tokai Trust Company of New York (the "Trustee") hereby gives notice to the holders of US$100,000,000 Guaranteed Bonds due 1997 (the "Bonds") that, pursuant to the provisions of the Trust Deed dated 9 February 1993 made between the Company, the Guarantor and the Trustee (the "Trust Deed") relating to the Bonds (copies of which are available for inspection at the offices of the Paying Agents specified below), a meeting of the holders of the Bonds (the "Bondholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23 January, 1997 at 11:30 am (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Bonds or voting certificates or being proxies and being or representing in the aggregate of not less than 50% in principal amount of the Bonds for the time being outstanding.

Pursuant to Clause 24 of the Trust Deed, the Trustee has given notice to the Company and the Guarantor of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 23(A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Bondholders passed in a meeting duly convened in accordance with the Terms and Conditions of the Bonds.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Bondholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Bondholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as the new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23 January 1997;

(c) the Bondholders hereby authorize the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of this resolution;

(d) the terms of this resolution are without prejudice to the rights of the Bondholders under any of the other provisions of the Bonds; and

(e) this resolution and all subsequent actions taken by the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Bondholders of the Bonds.

Only bearers of voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Bondholder wishes to vote in person, he must deposit his Bonds with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Bondholder.

If a Bondholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Bonds with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Bonds should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, societé anonyme to whom Bonds are credited in the relevant clearing system (excluding Euroclear System and Cedel Bank, societé anonyme themselves to the extent to which they are acccountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform any Paying Agent no later than 96 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be constructed in accordance with, English law.

Disbursement Agent
Bank of Tokyo-Mitsubishi Trust Company
100 Broadway
New York, NY 10005

Paying Agents

Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels	The Bank of Tokyo-Mitsubishi, Ltd. Finsbury Circus House 12-15 Finsbury Circus London EC2M 7BT
The Tokai Bank, Limited One Exchange Square London EC2A 2EH	Banque Générale du Luxembourg S.A. 14 rue Aldringen Luxembourg

Date: 13 December 1996

NOTICE OF MEETING TO THE HOLDERS OF

ANY AND ALL OF ITS OUTSTANDING 11.75% SERIES I EURO GLOBAL REGISTERED NOTES DUE MAY 11, 1998 (CUSIP NO. 57632RAB2) AND ANY AND ALL OF ITS OUTSTANDING 12.00% SERIES II NOTES DUE APRIL 19, 1999 (CUSIP NO. 57632RAC0) OF MASTELLONE HERMANOS S.A.

Please be advised that Mastellone Hermanos, S.A. (the "Company"), by resolution of its Board of Directors has called for a meeting of the holders of each of Any and All of its outstanding 11.75% Series I Euro Global Registered Notes due May 11, 1998 (the "Series I Notes") and Any and All of its Outstanding 12.00% Series II Notes due April 19, 1999 (the "Series II Notes", and together with the Series I Notes, the "Notes") to be held at 10:00 a.m. Buenos Aires, Argentina time on December 20, 1996 at the offices of the Company located at Av. L.N. Alem 720 (1001) Buenos Aires, Argentina.

At each of such meetings, holders of the Notes will be asked (i) to waive certain covenants contained in an Indenture, dated May 7, 1996 (the "Indenture"), by and among The Bank of New York, The Bank of New York, S.A., and Banque Internationale à Luxembourg S.A. relating to the Notes in order to allow the Company to spin-off certain of its assets relating to the production of dairy yogurt products, and (ii) to amend a particular covenant contained in the Indenture in order to obtain financing for the construction of a powdered milk plant, all in accordance with the Agenda for each of such meetings of holders as shown below in Annex A. Holders who vote to waive the covenants and amend the Indenture will receive a payment from the Company. Holders will have the option of tendering their Notes for purchase by the Company. In order to tender their Notes, holders will vote to approve the waiver of the covenants and the amendment of the Indenture.

In connection with the spin-off of assets, the Company will ask holders of the Notes to waive Sections 9.5(i), 9.5(k) and 9.5(l) of the Indenture and, in order to finance the construction of the powdered milk plant, the Company will ask holders of the Notes to amend Section 9.5(a)(ii) of the Indenture to increase the amount of Encumbrances (as defined in the Indenture) to U.S. $6 million.

Holders of record of the Notes as of November 20, 1996 (the "Record Date") will be entitled to give voting instructions which will be binding on subsequent transferees. Holders of record of the Notes as of the Record Date will receive an Offer to Purchase and Proxy Statement and related information prior to the scheduled meeting on December 20, 1996. In order to be entitled to attend any of such meetings of holders, holders of Notes shall deposit evidence of their holdings of Notes issued by the institution with which they have deposited the relevant Notes or by The Depositary Trust Company ("DTC"). The corresponding certificates shall be deposited at the offices of the Company mentioned above, from Monday to Friday, between 10:00 a.m. and 1:00 p.m. and from 3:00 p.m. to 6:00 p.m., Buenos Aires, Argentina time. No certificates will be *accepted for deposit after 6:00 p.m. Buenos Aires, Argentina time* on December 16, 1996.

THE BANK OF NEW YORK

The Bank of New York
as Trustee on behalf of
MASTELLONE HERMANOS S.A.
By: Rodolfo D. Gonzalez
Chief Financial Officer

ANNEX A

The Board of Directors of Mastellone Hermanos S.A. hereby gives notice to all and any holders (the "Holders") of its 11.75% Series I Euro Global Registered Notes Due May 11, 1998 and any and all 12.00% Series II Notes due April 19, 1999 (collectively referred to as the "Notes") of a meeting of Holders to be held on December 20, 1996, at 10:00 a.m. (Buenos Aires, Argentina time), at the offices of the Company located at Av. L.N. Alem 720 (1001) Buenos Aires, Argentina, to discuss the following:

AGENDA

(1) Appointment of the chairman of the meeting. Appointment of two Holders to draw up and sign the minutes, together with the chairman.

(2) Waiver of Sections 9.5.(i), 9.5.(k) and 9.5.(l) of the Indenture dated May 7, 1996 related to the Notes (the "Indenture").

(3) Amendment of Section 9.5.(a)(ii) of the Indenture to increase the amount of Encumbrances (as defined in the Indenture) incurred in connection with the financing of a powdered milk plant so long as the aggregate amount of indebtedness secured by such Encumbrances does not exceed U.S. $6 million.

(4) Delegation to the Board of Directors and/or the persons that it appoints, with the broadest abilities to negotiate and execute all actions, agreements, documents, instruments, communications and accept suggestions and make the necessary modifications required by the regulatory authorities of Argentina to amend the Indenture with whatever modifications the Holders may decide.

Note:

In order to be entitled to attend the meeting of Holders, Holders of Notes shall deposit evidence of their holdings of Notes issued by the institution with which they have deposited the relevant Notes or by DTC (The Depositary Trust Company). The corresponding certificates shall be deposited at the offices of the Company mentioned above, from Monday to Friday, between 10:00 a.m. and 1:00 p.m. and from 3:00 p.m. to 6:00 p.m. (Buenos Aires, Argentina time). No certificates will be accepted for deposit after 6:00 p.m. (Buenos Aires, Argentina time) on December 16, 1996.

Siemens and CP in chip plant deal

By Ted Bardacke in Bangkok

Siemens of Germany has signed a memorandum of understanding to provide technology for a $1.2bn semiconductor plant being built by Thailand's CP Group in Shanghai, China.

CP said it was also discussing with Siemens taking an equity stake in the project, as well as participating in the development of a downstream packaging and testing plant.

Last month CP agreed to build the wafer plant in the Puodong development area in east Shanghai, where the conglomerate, the largest single foreign investor in China, has extensive property holdings and the headquarters of its commercial bank, TM Bank.

If approved by Beijing, CP would hold 31 per cent of the project, with the Shanghai Municipal Authority and the Ministry of Electronic Industries taking up the rest. The plant would produce low-end semiconductors for use in such products as clocks and calculators.

Higher-end D-ram chips are expected to be built at a second, $1.2bn plant CP is considering for either Thailand or Hong Kong.

Nomura broking side downgraded

By William Dawkins in Tokyo

The creditworthiness of Nomura Securities, the leading Japanese stockbroker, was yesterday downgraded by Standard and Poor's, the US credit rating agency.

S&P cited likely pressure on Nomura's earnings from the forthcoming liberalisation of Japanese stockbroking commissions, an expected increase in competition on the Tokyo equity market following the government's recent financial deregulation plan, and Nomura's costly recent bail-out of a non-banking affiliate.

Nomura Securities reported a Y140bn ($1.24bn) consolidated net loss in the six months to September as a result of its decision to write off the bad property-linked debts of the affiliate, Nomura Finance.

S&P now rates Nomura's long-term counterparty debt at A plus, down from AA minus and its short-term debt at A-1, down from A-1 plus.

For the future, the agency said Nomura's outlook was stable and that its capitalisation was "expected to remain high by global standards".

Sitca hits out over Thai bank rescue

By Ted Bardacke

Sitca Investment & Securities said yesterday that its proposed rescue of the troubled Bangkok Bank of Commerce had been made "unfeasible" by Thailand's central bank, which it accused of "introducing harsh new conditions and unreasonable terms" for the bank's purchase.

Sitca, a leading finance and securities company, was chosen last month by the central bank to bail out the commercial bank, which was taken over by the government last May after nearly collapsing with bad debts of Bt50bn ($1.95bn).

Sitca said it had an agreement in mid-November to buy a controlling stake in the bank over a seven-year period. But at the end of the month regulators altered the terms, the company said.

The central bank wanted Bt32 a share rather than the Bt12 it had originally requested and insisted on keeping a majority on the bank's board of directors and its executive board.

Sitca claimed the higher price was an attempt by the central bank to avoid sharing any of the financial burden in sorting out the commercial bank's bad loans.

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London Electricity to reassess £500m plan

By Simon Holberton

London Electricity, the capital's electricity distributor and supplier, is to re-examine its £500m ($820m) capital spending plans for its in the light of planned government changes to the taxation of long life assets.

London is the first electricity company to suggest that its investment plans might have to change following a Budget proposal that depreciation on assets with a life of 25 years or more should be cut from 25 per cent to 6 per cent.

Sir Bob Reid, chairman, said: "We hope that elements within our programmes, such as tunnelling, which provide environmental and social benefits to London, are excluded from the proposals and that long-term investment is not discouraged." He also gave the strongest hint that London was the company that was planning to merge its electricity supply and gas operations after 1998 with Northern Electric.

Northern unveiled the possible merger as part of its bid defence against Cal Energy of the US earlier this week.

It said the deal could save both parties £28m a year.

Sir Bob said London remained "pragmatic" about its supply business.

"Our priority remains our distribution networks."

He made these comments as London published results which showed an 18 per cent fall in pre-tax profits to £69.3m from £84.5m in the six months to September 30.

Turnover rose 11 per cent from £556m to £617m.

As expected the company declared an interim dividend of 14.3p, an increase of 9.2 per cent.

Earnings per share were 31.4p (32.8p).

Operating profits for London's distribution business were just 4.5 per cent lower at £68.3m, reflecting the second distribution review.

Non-regulated distribution profits were up 70 per cent to 3.6m.

Supply profits fell to £3.1m from £3.8m on turnover up £60m to £574m.

Analysts said these figures were disappointing. The 11½p rise to 851½p in London's share price yesterday should not be seen as appreciation of the half-year results the company published, but rather the activity of investors scenting a bid in the air. The results were unexceptional.

Pru raises its Northern Electric stake to 11.4%

By Simon Holberton

Prudential yesterday said it had increased its shareholding in Northern Electric and repeated that CalEnergy's £782m ($1.28bn) hostile cash bid was "inadequate".

The UK life insurer said it had bought 100,000 Northern shares, taking its stake to 11.5m shares, or 11.35 per cent. Prudential said it was happy for its purchases to be seen as support for Northern.

"We don't think 650p [CalEnergy's offer] reflects an appropriate premium for control of a company whose management has sought to deliver value for shareholders," it said.

The announcement marks a more assertive stance by Britain's biggest investment institution, one that has found resonance among other fund managers.

One big investor, who requested anonymity, said of Northern: "They have done everything that could be asked of them. CalEnergy is getting away with it because of nervousness among investors about a possible Labour government and a possible referral".

CalEnergy said: "The Prudential is an extremely astute organisation." The bidder was referring to the fact that Prudential had bought the shares at 602p and so would make a profit of 48p a share – or £48,000 – if the bid succeeds.

Banks have agreed to maintain support

Wickes calls for £53m

By Ross Tieman

Wickes, the DIY retailer, yesterday ended almost six months of uncertainty over its future by unveiling a deeply-discounted £53.2m ($87.2m) rights issue and capital reconstruction to restore its balance sheet.

The issue, on a 1-for-10 basis is priced at 150p. Because of the capital reconstruction, the offer is equivalent to a 1-for-1 rights issue at 15p. Shares in the group were suspended at 69p on June 25, after the company discovered that profits had been overstated.

Provided the High Court consents to the reconstruction, and shareholders approve the proposals at an extraordinary meeting on January 6, trading in the shares could resume on January 7.

Wickes' UK banks have agreed to maintain their support, and provide on-going facilities of £52m once the rights issue proceeds are received. The banks may elect to take part of their fee in shares. That could entitle them to 666,666 new shares in Wickes, or 0.9 per cent of the equity.

If all goes to plan, Wickes will emerge from the reconstruction with shareholders funds of £42m, gearing of 100 per cent, and annual sales from its 122 UK stores of about £450m.

The rights issue, underwritten by SBC Warburg, is accompanied by revised accounts for 1995, and a warning that the company is likely to show a pre-tax loss for 1996 of "not more than £56m."

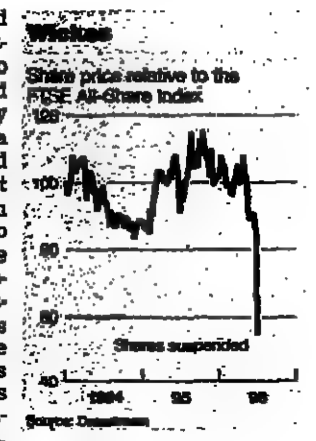
Discussions have begun with potential purchasers of Wickes 59 stores in continental Europe.

Brendan Corr

Bill Grimsey, who took over as chief executive last month

LEX COMMENT

Wickes



The new Wickes unveiled yesterday presents a bitter-sweet proposition to shareholders. Being asked to hand over more money to a company with such a chequered financial record is hardly appealing. But the fully underwritten £53m rights issue is so heavily discounted – the 15p price probably represents a 50 per cent discount to what the shares are worth, never mind the 69p when trading was suspended – that it is probably worth shareholders taking up their rights.

On yesterday's evidence, it is difficult to be confident that Wickes can flourish alone. DIY may be a growing market, but it is also one in which it has proved difficult to prosper. And while Wickes may be a solid brand, it is hard to see how it can deliver on its promise to return to profits next year, after a projected loss of nearly £20m this year. The management has certainly made some necessary changes, but it is not clear it can deliver on the central issue of bolstering gross margins.

The best hope for shareholders is that Wickes attracts a bid. Both Kingfisher and RMC appear serious suitors, and would offer heavyweight management. Each can make out a strategic case for buying Wickes, not least the desire to ensure it stays out of the hands of a competitor. Without a bid, however, the shares would represent a risky proposition. Even at a price of around 25p, where they might be expected to start trading, they would not be for the faint-hearted..

M&G expects 'renaissance' of value

By William Lewis, Investment Correspondent

Value investors are likely to outperform growth investors next year, according to M&G, the fund management group.

Mr Vivian Bazalgette, recently appointed managing director of M&G Investment Management, said: "1997 looks like being potentially an outstanding year for value stocks." M&G added that the gap between high- and low-yielding stocks was at a historically wide level and a process of reversal "is inevitable at some point".

M&G conceded its adherence to value investing had led its UK unit trusts, its main products, to fall in performance rankings over the last three years, outperformed by funds managed by growth investors.

However, Mr Bazalgette predicted "the renaissance of value" in the year ahead.

These comments accompanied the announcement of a 16 per cent rise in pre-tax profits before exceptional costs to £72.1m ($118m) for the year to September 30. Earnings per share, also before exceptionals, increased by 13 per cent to 66.2p. After exceptional charges – including £7.6m for an overhaul of the administration offices – pre-tax profits were up 49 per cent at £64.5m and earnings up 45 per cent at 59.2p.

Funds under management increased from £13.8bn to £15.8bn.

Craegmoor raises £80m in securitisation move

By Richard Lapper, Capital Markets Editor

Craegmoor Group, a leading UK residential nursing and healthcare company, has raised £80m ($131m) for expansion in a novel bond issue backed by its entire operating income and assets.

The deal is the latest in the fast growing trend of companies and government bodies in Europe to "securitise" assets and streams of income.

European companies and government bodies have raised $35bn in securitisation deals so far this year compared with $12bn-$13bn last year, according to Duff and Phelps, one of two credit rating agencies which rated the bonds. Assets pledged in other European deals range from mortgage loans to train operating and aircraft leases.

Craegmoor will pledge its operating income and assets to a specialist financing subsidiary, which has issued the bonds and will use the income to pay the interest.

Mr Mark Lewis, executive director of UBS, the Swiss bank which lead the transaction, said the deal was "the first securitisation of an entire commercial operating business in Europe". In the health care sector loans to nursing home operators had been securitised before but it was the first time a health care company had securitised its revenues, he said.

Mr Michael Stratford, finance director at Craegmoor, said the deal had allowed the company to reduce its financing costs significantly and achieve funding over a longer period than would otherwise have been possible.

Craegmoor plans to use the money to reduce debt and finance its existing business but will also deploy some of the funds for acquisitions in a market which has seen some consolidation in recent months. It owns 41 separate homes and manages 1,964 beds.

Hicking in $55m US buy

By Michael Lindemann

Hicking Pentecost, the textiles group, yesterday said it would spend $54.9m to buy Belding Thread, a US maker of industrial thread, partly financed by a placing of stock units.

The south Wales-based group will offer shareholders one non-interest bearing stock unit, priced at 300p, for every three shares. The stock units will later be converted into new ordinary Hicking Pentecost shares on a 1-for-1 basis.

The stock unit offer is expected to raise £22m ($36m) net and Mr Tudor Davies, chief executive, said the group would take out loans of £12m to complete the purchase funding.

The loans would take net debt to £28m, gearing of 70 per cent, Mr Davies said. Hicking Pentecost shares closed 2p off at 312½p.

The company said the purchase was part of its strategy to become the leading international supplier of non-clothing thread.

Belding Thread is part of Belding Heminway, a listed US company 70 per cent controlled by the Noel Group.

The business saw 1995 operating profits fall 21 per cent to $5.09m on increased sales of $68.3m ($57.8m). It had net assets of $41.2m. Mr Davies said the group had dealt with productivity problems caused by moving production.

This notice is issued in compliance with the requirements of the London Stock Exchange Limited ("the London Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities in Xenova Group plc ("the Company").

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of the Company, issued and to be issued pursuant to the Placing, to be admitted to the official list. It is expected that admission to the official list will become effective and that dealings will commence on 19 December 1996.

Xenova Group plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered No. 2698673)

Placing by

Greig Middleton & Co. Limited

of 10,520,600 Ordinary Shares of 10p each at 215p per share

Share capital of the Company following the Placing

Authorised Number	Authorised Amount		Issued and fully paid Number	Issued and fully paid Amount
40,000,000	£4,000,000	Ordinary Shares of 10p each	23,135,471	£2,313,547

The Placing Shares will, on admission, rank pari passu in all respects with the existing shares of the Company and will rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company.

The principal activity of the Company is the discovery and development of novel drugs derived from natural chemicals extracted from micro-organisms, such as fungi and bacteria, and from plants.

Listing particulars relating to the Company have been published and are available, during normal business hours on any weekday (Saturdays excepted), from the London Stock Exchange Tower, Old Broad Street Entrance, London EC2N 1MP, by collection only, up to and including 17 December 1996 and during normal business hours (excluding Saturdays), up to and including 30 December 1996 from:

Greig Middleton & Co. Limited
66 Wilson Street, London EC2A 2BL

and at the registered office of the Company:

240 Bath Road, Slough,
Berkshire SL1 4EFX

13 December 1996

Scottish Hydro-Electric plc

Interim Results 1996

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 96

FINANCIAL HIGHLIGHTS

	6 months to 30 September 1996 £M	6 months to 30 September 1995 £M	Change %
Turnover	416.8	388.2	7.4
Profit before interest and tax	68.9	63.8	8.0
Net interest	7.6	2.1	
Pre-tax profit	61.3	61.7	(0.6)
Earnings per share	12.37p	11.85p	4.4
Dividend per share	5.28p	4.75p	11.2

- Sales up 7.4%. Strong volume growth, particularly in England and Wales
- Profit before interest and tax up 1.3% in Scotland and 37.6% in England and Wales
- Stated earnings per share up 4.4%
- Underlying earnings per share up 11.6%
- Interim dividend up 11.2%
- Service to customers improved again
- Preferred bidder for NORWEB's 50% share of Keadby Power

CHAIRMAN'S STATEMENT

"These are very good figures backed by good progress in all our activities. Normalising variations in hydro output shows strong underlying earnings growth which has come mainly from development of our business in England and Wales where we earned 23% of our profit before interest and tax. This demonstrates the success of our programme of investing in expansion in the energy business. The underlying improvements in profit before tax and in earnings per share were 7.5% and 11.6% respectively. We have, therefore, raised our interim dividend 11.2%, significantly beating our current 6% real growth target. This dividend is covered 2.3 times and will be paid on 19 March 1997 to shareholders on the register on 18 February 1997.

"Total turnover has grown by £28.6M, or 7.4%, in spite of competitive and regulatory pressures.

"All our major businesses have improved profits. Generation and Supply are the largest contributors, providing around two thirds of profits in a full year. These largely unregulated activities are expected to contribute more than four fifths of profit before tax when all our current investment projects come on stream towards the end of this decade.

"In pursuit of our expansion plans in England and Wales we are in discussions with United Utilities plc (which now owns NORWEB) as preferred bidder for their 50% share of the high efficiency Keadby Power Station project.

"We expect the proposed purchase, which would be funded by borrowing, to be financially beneficial and plan to invest in further improvement of the Keadby plant. We anticipate being able to complete the proposed acquisition by the end of the current financial year.

"The second half of the financial year has started well and we are confident of an encouraging result for the full 12 month period."

Lord Wilson of Tillyorn GCMG

GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Note	6 months to 30 September 1996 £M	6 months to 30 September 1995 £M	Year to 31 March 1996 £M
Turnover from continuing operations		416.8	388.2	887.4
Operating profit		68.6	64.8	191.4
Profits/(losses) from interests in associated undertakings		0.3	(1.0)	10.6
Profit from ordinary activities before interest and similar charges		68.9	63.8	202.0
Net interest payable		7.6	2.1	6.9
Profit before taxation		61.3	61.7	195.1
Taxation		13.5	16.3	46.8
Profit on ordinary activities after taxation		47.8	45.4	148.3
Minority interests		(0.1)	0.1	0.2
Profit for the financial period		47.7	45.5	148.5
Dividend	3	20.5	18.3	60.6
Retained profit		27.2	27.2	87.9
Earnings per share (p) - actual	2	12.37	11.85	38.7

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (UNAUDITED)

	6 months to 30 September 1996 £M	6 months to 30 September 1995 £M	Year to 31 March 1996 £M
Profit for the financial period	47.7	45.5	148.5
Unrealised deficit on revaluation of property	–	–	(0.4)
Total recognised gains and losses for the financial period	47.7	45.5	148.1

GROUP BALANCE SHEET (UNAUDITED)

	At 30 September 1996 £M	At 30 September 1995 £M	At 31 March 1996 £M
Fixed assets and investments	1,375.1	1,111.0	1,345.1
Current assets less current liabilities	(144.6)	(135.9)	(158.2)
Long term liabilities and provisions	(329.7)	(168.5)	(321.2)
	900.8	806.6	865.7
Share Capital and reserves	900.8	806.6	865.7
Net borrowings	165.0	72.2	215.4
Gearing	18.3%	9.0%	24.9%

GROUP CASH FLOW STATEMENT (UNAUDITED)

	6 months to 30 September 1996 £M	6 months to 30 September 1995 £M	Year to 31 March 1996 £M
Net cash inflow from operating activities	123.4	110.4	257.1
Net cash outflow from returns on investments and servicing of finance	(9.8)	(35.2)	(62.2)
Tax paid	(4.4)	(4.6)	(36.7)
Net cash outflow from investing activities	(67.9)	(44.3)	(97.6)
Net cash inflow/(outflow) from financing	1.2	1.0	(15.3)
Increase in cash and cash equivalents	42.5	29.3	45.3

NOTES

1. Interim financial statements
These interim financial statements have been prepared on the basis of accounting policies consistent with those set out in the Company's Directors' Report and Accounts for the year ended 31 March 1996. The information shown for the year ended 31 March 1996 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and has been extracted from the full financial statements for the year ended 31 March 1996 filed with the Registrar of Companies. The report of the Auditors on these financial statements was unqualified.

2. Earnings per share
Earnings per share has been calculated by dividing the profit for the financial period of £47.7M (1995: £45.5M) by 385.8M ordinary shares (1995: 384.0M), being the average number of ordinary shares in issue during the financial period.
There would be no significant dilution of earnings per share if the outstanding share options were exercised.

3. Dividends
The interim dividend of 5.28p (1995: 4.75p) per ordinary share is payable on 19 March 1997 to those shareholders on the register on 18 February 1997.

Review report by KPMG Audit Plc to Scottish Hydro-Electric plc
We have reviewed the interim financial information for the six months ended 30th September 1996, which is the responsibility of, and has been approved by, the Directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin "Review of Interim Financial Information", issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of Group management responsible for financial and accounting matters. The review was substantially less in scope than an audit performed in accordance with Auditing Standards and accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:
- in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Scottish Hydro-Electric plc in its financial statements for the year ended 31st March 1996; and
- we are not aware of any material modifications that should be made to the interim financial information as presented.

For copies of Hydro-Electric's full results statement telephone 01738 455113 or write to The Press Office, Scottish Hydro-Electric plc, 10 Dunkeld Road, Perth PH1 5WA

NOTICE OF MEETING OF BONDHOLDERS

Pokka Corporation
("Company")

U.S. $70,000,000

2¾ per cent. Guaranteed Bonds due 1999
("Bonds")

Guaranteed by

The Bank of Tokyo-Mitsubishi, Ltd.
("Guarantor")

The Bank of Tokyo-Mitsubishi, Ltd. at its offices at Finsbury Circus House, 12/15 Finsbury Circus, London EC2M 7BT (the "Principal Paying Agent") on behalf of Tokai Trust Company of New York (the "Trustee") hereby gives notice to the holders of U.S. $70,000,000 2¾ per cent. Guaranteed Bonds due 1999 issued by the Company (the "Bonds") that, pursuant to the provisions of the Trust Deed dated 9 November 1995 made between the Company, the Guarantor and the Trustee (the "Trust Deed") relating to the Bonds (copies of which are available for inspection at the offices of the Paying Agents specified below), a meeting of the holders of the Bonds (the "Bondholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23 January 1997 at 11:00 am (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Bonds or voting certificates or being proxies and being or representing in the aggregate of over 50% in principal amount of the Bonds for the time being outstanding.

Pursuant to Clause 26 of the Trust Deed, the Trustee has given notice to the Company and the Guarantor of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 25(A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Bondholders passed in a meeting duly convened in accordance with the Terms and Conditions of the Bonds.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Bondholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Bondholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as the new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23 January 1997;

(c) the Bondholders hereby authorise the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of the resolution;

(d) the terms of this resolution are without prejudice to the rights of the Bondholders under any of the other provisions of the Bonds; and

(e) this resolution and all subsequent actions taken by the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Bondholders of the Bonds.

Only bearers of voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Bondholder wishes to vote in person, he must deposit his Bonds with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Bondholder.

If a Bondholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Bonds with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Bonds should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, société anonyme to whom Bonds are credited in the relevant clearing system (excluding Euroclear System and Cedel Bank, société anonyme themselves to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform any Paying Agent no later than 72 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law.

Principal Paying Agent
The Bank of Tokyo-Mitsubishi, Ltd.
Finsbury Circus House
12/15 Finsbury Circus
London EC2M 7BT

Paying Agents

The Bank of Tokyo-Mitsubishi (Luxembourg) S.A.
P.O. Box 364
L-2013 Luxembourg

The Tokai Bank, Limited
One Exchange Square
London EC2A 2EH

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

13 December 1996

PLIVA

Notice to Holders of

Pliva d.d.
(the "Company")

Global Depositary Receipts
(the "GDRs")

Notice is hereby given that at the General Assembly of the Company duly convened and held on 25th November, 1996 a resolution was passed pursuant to which the existing ordinary shares of the Company will be split as of 1st January, 1997 so that each shareholder receives 37 new ordinary registered shares with a nominal value of HRK 100 each instead of 1 share with a nominal value of HRK 3,700.

As a result of such share split and in order to increase the marketability of the GDRs on the London Stock Exchange, the Company and the Depositary have agreed that the ratio relating to the GDRs will, with effect from 1st January, 1997, be adjusted and the ratio will consequently become 5 GDRs to 1 new ordinary registered share with a nominal value of HRK 100, instead of 50 GDRs to 1 old ordinary registered share with a nominal value of HRK 3,700. The GDRs will, with effect from 1st January, 1997, represent 20 per cent. of one new ordinary registered share of par value HRK 100 each instead of 2 per cent. of one old ordinary registered share of par value HRK 3,700.

The terms and conditions of the GDRs will be amended accordingly.

Holders of the GDRs on the record date of 31st December, 1996 will receive 185 new GDRs in exchange for 50 GDRs as a result of such adjustment. The exchange will take place during the first week of January 1997 by making appropriate changes to the relevant registers.

No action need be taken by current holders of GDRs in order to participate in the mandatory exchange.

13th December, 1996

Bankers Trust Company
as Depositary

De Beers Centenary Finance PLC
(Incorporated in the Isle of Man under the Companies Acts 1931 to 1993
Registered Number 66056C)

£100,000,000 9¾PER CENT GUARANTEED BONDS DUE 2020 (the 'Bonds')

INTEREST PAYMENT NO. 4

Interest on the Bonds for the six months ending 31 December 1996 at the rate of £487.50 per £10,000 in principal amount of the Bonds will be paid on 31 December 1996 as follows:-

i) To holders of Bonds in registered form registered as such on 16 December 1996; and

ii) To holders of Bonds in bearer form by presentation and surrender of coupon no. 4 detached from Bearer Bonds to any of the following paying agents:-

Morgan Guaranty Trust Company of New York
60 Victoria Embankment
London EC4Y 0JP

Swiss Bank Corporation
Paradeplatz 6
CH-8010 Zurich
Switzerland

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B -1040 Brussels, Belgium

Banque Paribas Luxembourg
10A boulevard Royal
L-2093 Luxembourg

The ex-interest date on the London Stock Exchange is 2 December 1996. *Payment of interest will, where applicable, be subject to deduction of United Kingdom income tax.*

Registered and Head Office:
6 Hope Street
Castletown
Isle of Man
IM9 1AS

Registrar:
Royal Bank of Scotland plc
Registrars Department, PO Box No. 82,
Caxton House, Redcliffe Way,
Bristol BS99 7NH

9 December 1996

On 1st November 1996 the Bankruptcy Division of the Maritime and Commercial Court of Copenhagen, Denmark, made a winding-up order against

Nordex Denmark I/S

and its partners, Copenhagen Financial Partners ApS and Nordex Currency Corporation S.A., all located at 101 and 101B, Gothersgade, Copenhagen K., Denmark (estate Nos. KO566/96A, KO567/96A and KO568/96A) on the basis of a petition filed on the 30th September 1996.

The undersigned, Leif Lund-Andersen, attorney, was appointed liquidator of the estates.

All creditors are requested to file their proofs of claim against the estates with the undersigned no later than the 6th February 1997, the proofs of claim to be calculated as at 1st November 1996 and documentation for the proofs of claim to be included.

Copenhagen, the 6th December 1996

Leif Lund-Andersen, attorney
Bech-Bruun & Trolle, Law Firm, 3 Nørre Farimagsgade
DK-1364 Copenhagen K.
Phone: +45 33 12 12 33 Fax: +45 33 15 25 55

COMPANIES AND FINANCE: UK

Buoyant demand in Knightsbridge store behind 35% advance

Harvey Nichols ahead to £5.5m

By Christopher Price

The cost of the new Harvey Nichols store in Leeds, which opened for business in October, was revealed as £9m ($14.8m) yesterday as the upmarket retailer announced a 35 per cent rise in half-year pre-tax profits to £5.51m.

Sales increased 16 per cent to £49.2m with nearly all the revenues generated from the group's other store in Knightsbridge. There was a two-week contribution from the new London restaurant, sited in the restored Oxo Tower on the south bank of the Thames, while Leeds opened after the September 28 half-year.

Mr Joseph Wan, chief executive, said the company was considering sites in Manchester, Glasgow, Edinburgh and Newcastle for further stores. However, he added that the Harvey Nichols "image and prestige" would only lend itself to another two UK sites. "We need a large, affluent and fashion-conscious catchment area to sustain our investment. There are only another two locations which can probably do that."

Expansion in the restaurant business was also under consideration, with talks under way which could add a further two London outlets within the next 12 months.

The £9m for Leeds and a £2m payment for extending the men's wear department at Knightsbridge will double capital expenditure in the second half.

Mr Wan said demand for designer-label clothes was buoyant, while there had also been a 14 per cent rise in sales of the group's own-label merchandise. Like-for-like sales at Knightsbridge for the first nine weeks of the second half were running 16 per cent ahead.

Earnings per share rose 36 per cent to 6.4p (4.7p). The maiden interim dividend is 1.9p. *Profit forecasts for the full year of £13.1m put the shares on a prospective p/e of 23 times.*

The shares, which floated at 270p, rose 7p to 351½p.

Brendan Corr

Clive Morton (left) and Patrick Hanly, finance and commercial directors, flank Joseph Wan

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Artesian Estates	6 mths to Sept 30	1.79	(0.61)	0.175L	(0.01)	1L†	(0.1)	nil	-	0.75	-	1.5
Baggeridge Brick	Yr to Sept 30	33.1	(36.1)	2.52	(4.71)	4.07	(7.89)	2.375	Feb 12	2.375	3.125	3.125
Bradstock	Yr to Sept 30 ★	36.2	(33.4)	6.22♠	(6.09)	6.12	(5.95)	4.1	Apr 3	4.1	5.7	5.7
Care UK	Yr to Sept 30	21.7	(15.7)	3.52	(2.65)	6.79†	(4.83)	0.67	Feb 7	0.5	1	0.75
Claybithe	6 mths to Sept 30	13.9	(14.3)	0.05♠	(0.166)	0.2L	(0.6)	0.88	Feb 6	0.88	-	3.45
Cook (DC)	6 mths to Oct 31	100.5	(89.7)	2.22	(2)	3.45	(3.15)	0.8	Jan 24	0.65	-	2.1
Countryside Props	Yr to Sept 30	160.3	(140.2)	3.14	(10.6L)	3.4	(12.7L)	1.5	Apr 9	1.35	2.25	2.8
DMGT	Yr to Sept 29	1,007	(874)	85.5♠	(66.8♠)	64.1	(45.2)	14.8	Feb 14	13.5	10.4	17.8
Euclidian	6 mths to Sept 30	0.021	(nil)	0.537♠	(0.582)	1.58	(2.16)	2	Jan 24	1	-	1
Fine Art	6 mths to Sept 30	146	(143.8)	2.07♠	(6.2)	1.71	(5.18)	3.7	Jan 25	3.7	-	16.5
French	Yr to Sept 30	16.3	(15.6)	0.627	(0.925)	3.44	(4.69)	2.25	Mar 8	2.175	3.75	3.625
Greenalls	Yr to Sept 27	1,182	(765.9)	117.4♠	(100.7)	32.1†	(36.9)	9.18	Feb 21	8.44	15.4	14.2
Harvey Nichols	6 mths to Sept 28	49.2	(42.4)	5.51	(4.09)	6.4	(4.7)	1.9	Feb 14	-	-	-
Hawtin	Yr to Sept 30	55.5	(45.7)	6.31♥	(4.56)	5.8	(4.3)	1.15	Apr 8	1	1.05	1.4
Jones Stroud	6 mths to Sept 30	41.1	(40.5)	2.85♠	(3.73)	10.68	(14.32)	5.25	Mar 31	4	-	10.5
London Electricity	6 mths to Sept 30	817.1	(556)	69.3♥	(84.5)	31.4‡	(32.8)	14.3	Jan 31	11.5	-	38.5
M&G	Yr to Sept 30 ★	146.6	(126.5)	64.5♠	(43.2♠)	59.2	(40.9)	20	Jan 30	18	38	32
MS Intl	6 mths to Nov 2	17.3	(15.9)	0.121♥	(0.12♥)	0.2	(0.3)	0.1	Feb 10	0.1	-	0.6
Phonelink	6 mths to Sept 30	2.16	(2.1)	3.15L	(2.71L)	6.7L†	(7.3L)	-	-	-	-	-
Protean	6 mths to Sept 30	37.7	(32.7)	2.49♠	(3.94)	3.9†	(7)	1.6	Feb 14	1.6	-	6.6
Radiant Metal	6 mths to Aug 31	0.498	(0.437)	0.014	(0.009)	1.03	(0.7)	-	-	-	-	-
Reliance Security	6 mths to Nov 1	49.4	(41.9)	1.11	(1.78)	3.3	(6.3)	1.75	Feb 28	1.75	-	6.75
Scottish Hydro	6 mths to Sept 30	416.8	(388.2)	61.3	(61.7)	12.37	(11.85)	5.26	Mar 18	4.75	-	15.76
Select Appointm'ts	9 mths to Sept 30	263	(153.4)	14.6	(8)	12.9	(8.7)	-	-	-	-	0.25
Swan (John)	6 mths to Oct 31	0.945	(0.898)	0.325	(0.279)	33.3	(31.1)	-	-	-	-	20
Victrex	Yr to Sept 30	38	(31.3)	12.9	(9.53)	11.9	(8.6)	3	-	-	4.5	-
Wainhomes	6 mths to Sept 30	45.1	(48.2)	1.75	(4.25)	1.9	(4.5)	1.5	Jan 27	1.5	-	4.5
Wickes	6 mths to Sept 28☆	434.4	(834.6)	52.7L♠	(279L♠)	13.8L†	(74.6L)	-	-	-	-	0.6
Windsor	Yr to Sept 30	11.7	(10.7)	0.784♠	(0.443♠)	0.92	(0.57)	0.6	Apr 7	0.5	0.8	0.5

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Dartmoor	6 mths to Oct 31 ★	104.76	(109.07)	2.7	(4.15)	5.6	(8.61)	3♦	Jan 31	2.9	-	12.5
Dunedin Smaller	Yr to Oct 31 ★	402.5	(350.3)	1.6	(1.55)	9.54	(9.24)	6	Jan 27	6	9	9

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. ★Comparatives restated. ♠After exceptional charge. ♥After exceptional credit. ‡On reduced capital. ☆Comparatives for 12 months and revised. ♦Second interim; makes 6p to date.

NOTICE OF MEETING OF BONDHOLDERS

DAIWA HOUSE INDUSTRY CO., LTD
(the "Company")
U.S.$800,000,000
1 per cent. Bonds due 1997 (the "Bonds")

The Sumitomo Bank, Limited at Temple Court, 11 Queen Victoria Street, London EC4N 4TA (the "Principal Paying Agent") on behalf of Tokai Trust Company of New York (the "Trustee") hereby gives notice to the holders of U.S.$800,000,000 1 per cent. Bonds due 1997 issued by the Company (the "Bonds") that, pursuant to the provisions of the Trust Deed dated 10 November 1993 made between the Company and the Trustee (the "Trust Deed") relating to the Bonds (copies of which are available for inspection at the offices of the Paying Agents specified below), a meeting of the holders of the Bonds (the "Bondholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23 January 1997 at 10:30 a.m. (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Bonds or voting certificates or being proxies and being or representing in the aggregate of over 50% in principal amount of the Bonds for the time being outstanding.

Pursuant to Clause 25 of the Trust Deed, the Trustee has given notice to the Company of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 24(A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Bondholders passed in a meeting duly convened in accordance with the Terms and Conditions of the Bonds.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Bondholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Bondholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as the new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23 January 1997;

(c) the Bondholders hereby authorise the Company, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of this resolution;

(d) the terms of this resolution are without prejudice to the rights of the Bondholders under any of the other provisions of the Bonds; and

(e) this resolution and all subsequent actions taken by the Company, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Bondholders of the Bonds.

If a Bondholder wishes to vote in person, he must deposit his Bonds with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Bondholder.

If a Bondholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Bonds with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Bonds should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, société anonyme to whom Bonds are credited in the relevant clearing system (excluding Euroclear System and Cedel Bank, société anonyme themselves to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform either Paying Agent no later than 72 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law.

Principal Paying Agent
The Sumitomo Bank, Limited
Temple Court
11 Queen Victoria Street
London EC4N 4TA

Paying Agents

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

13 December 1996

NOTICE OF MEETING OF BONDHOLDERS

DAIWA RAKUDA INDUSTRY CO., LTD
(the "Company")
U.S.$85,000,000
1 per cent. Guaranteed Bonds due 1997
Guaranteed by the Fuji Bank, Limited (the "Guarantor")

The Sumitomo Bank, Limited at Temple Court, 11 Queen Victoria Street, London EC4N 4TA (the "Principal Paying Agent") on behalf of Tokai Trust Company of New York (the "Trustee") hereby gives notice to the holders of U.S.$85,000,000 1 per cent. Guaranteed Bonds due 1997 issued by the Company (the "Bonds") that, pursuant to the provisions of the Trust Deed dated 24 June 1993 made between the Company, the Guarantor and the Trustee (the "Trust Deed") relating to the Bonds (copies of which are available for inspection at the offices of the Paying Agents specified below), a meeting of the holders of the Bonds (the "Bondholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23 January 1997 at 10:00 a.m. (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Bonds or voting certificates or being proxies and being or representing in the aggregate of over 50% in principal amount of the Bonds for the time being outstanding.

Pursuant to Clause 26 of the Trust Deed, the Trustee has given notice to the Company and the Guarantor of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 25 (A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Bondholders passed in a meeting duly convened in accordance with the Provisions for Meetings of the Bondholders set out in the Second Schedule to the Trust Deed.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Bondholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Bondholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23 January 1997 and upon the passing of the resolution;

(c) the Bondholders hereby authorise the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of this resolution;

(d) the terms of this resolution are without prejudice to the rights of the Bondholders under any of the other provisions of the Bonds; and

(e) this resolution and all subsequent actions taken by the Company, the Guarantor, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Bondholders.

Only bearers of voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Bondholder wishes to vote in person, he must deposit his Bonds with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Bondholder.

If a Bondholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Bonds with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Bonds should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, société anonyme to whom Bonds are credited in the relevant clearing system (*excluding Euroclear System and Cedel Bank, société anonyme themselves* to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform any Paying Agent no later than 72 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law.

Principal Paying Agent
The Sumitomo Bank, Limited
Temple Court
11 Queen Victoria Street
London EC4N 4TA

Paying Agents

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

Union Bank of Switzerland
Bahnhofstrasse 45
CH 8021 Zurich

13 December 1996

Notice of Meeting of Bondholders

AUTOBACS SEVEN CO., LTD
("Company")

U.S. $100,000,000
4¼ per cent. Bonds Due 1999
("Bonds")

The Sanwa Bank, Limited at its office at City Place House, 55 Basinghall Street, London EC2V 5DL (the "Principal Paying Agent") on behalf of Tokai Trust Company of New York (the "Trustee") hereby gives notice to the holders of U.S. $100,000,000 4¼ per cent. Bonds due 1999 (the "Bonds") that, pursuant to the provisions of the Trust Deed dated 9th March, 1995 made between the Company and the Trustee (the "Trust Deed") relating to the Bonds (copies of which are available for inspection at the offices of the Paying Agents specified below), a meeting of the holders of the Bonds (the "Bondholders") will be convened at the offices of Clifford Chance, at 200 Aldersgate Street, London EC1A 4JJ, on 23rd January, 1997 at 12:30 pm (London time) to consider the Extraordinary Resolution set out below. The quorum shall be two or more persons present in person holding Bonds or voting certificates or being proxies and being or representing in the aggregate of over 50% in principal amount of the Bonds for the time being outstanding.

Pursuant to Clause 26 of the Trust Deed, the Trustee has given notice to the Company of its intention to resign as Trustee thereunder. Under this Clause the resignation of the Trustee shall not become effective until a successor trustee is appointed by the Company. According to Clause 25(A) of the Trust Deed, any appointment of a new trustee has to be approved by an Extraordinary Resolution of the Bondholders passed in a meeting duly convened in accordance with the Terms and Conditions of the Bonds.

It is the intention of the Company to appoint Tokai Trust Europe Limited as the new trustee under the Trust Deed, subject to the Extraordinary Resolution passed by the Bondholders.

The meeting will consider and vote upon the following Extraordinary Resolution proposed by the Trustee that:

(a) the Bondholders hereby confirm that they have no objection and hereby consent to and approve the appointment of Tokai Trust Europe Limited as the new trustee (the "New Trustee") under the Trust Deed in place of Tokai Trust Company of New York (the "Retiring Trustee");

(b) the retirement of the Retiring Trustee and the appointment of the New Trustee is intended to take effect as of 23rd January, 1997;

(c) the Bondholders hereby authorise the Company, the Retiring Trustee, the New Trustee and all other relevant persons to do such further things and execute all such further documents as they may in their absolute discretion consider necessary or desirable to give full effect to the terms of this resolution;

(d) the terms of this resolution are without prejudice to the rights of the Bondholders under any of the other provisions of the Bonds; and

(e) this resolution and all subsequent actions taken by the Company, the Retiring Trustee, the New Trustee and all other relevant persons shall be conclusive and binding upon all Bondholders of the Bonds.

Only bearers of voting certificates and proxies named in a block voting instruction may vote at the meeting.

If a Bondholder wishes to vote in person, he must deposit his Bonds with or to the order of, any Paying Agent not later than 48 hours before the scheduled time of the meeting. The Paying Agent will then issue a voting certificate in favour of such Bondholder.

If a Bondholder wishes a Paying Agent to appoint a proxy to vote on his behalf at the meeting, he must deposit his Bonds with or to the order of the Paying Agent not later than 48 hours before the scheduled time of the meeting, specifying whether the vote(s) attributable to such Bonds should be cast for or against the resolution. The Paying Agent will then issue a block voting instruction to a proxy of its choice, instructing such proxy to cast such vote(s) in the specified manner.

Accountholders of Morgan Guaranty Trust Company of New York, Brussels office as operator of the Euroclear System and Cedel Bank, société anonyme to whom Bonds are credited in the relevant clearing system (excluding Euroclear System and Cedel Bank, société anonyme themselves to the extent to which they are accountholders with each other for the purpose of operating the "bridge" between them) should notify the relevant clearing system to inform any Paying Agent no later than 72 hours before the scheduled time for the meeting of the number of votes to be cast for and against the resolution.

This notice is governed by, and shall be construed in accordance with, English law.

Principal Paying Agent
The Sanwa Bank, Limited
City Place House
55 Basinghall Street
London EC2V 5DL

Paying Agents
The Daiwa Bank, Limited
4 Broadgate
London EC2M 2QS

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

13th December, 1996

To the Holders of Restructured Obligations Backed by Senior Assets, B.V.

Pursuant to the Indenture dated May 1, 1990, as amended and restated as of June 15, 1990, between the Issuer and State Street Bank and Trust Company, as Trustee, notice is hereby given that for the Interest Accrual Period December 10, 1996 through March 9, 1997, the rates applicable to the Secured Senior and Secured Senior Subordinated Floating Rate Notes are 5.84688% and 6.29688% respectively.

U.S. $750,000,000
Lloyds Bank Plc
(Incorporated in England with limited liability)
Primary Capital Undated Floating Rate Notes (Series 1)

For the six months, December 13, 1996 to June 13, 1997, the Notes will carry an interest rate of 5.875% per annum with a Coupon Amount of U.S. $297.01 payable on June 13, 1997.

By: The Chase Manhattan Bank
London, Agent Bank

هكذا من الأصل

SURVEY: WAREHOUSING AND DISTRIBUTION

Investment yields on high bay warehousing have risen but it may no longer be seen as a 'hot' sector, writes **Simon London**

Objects of desire


An internal shot of the 275,000 sq ft fully-automated high bay warehouse at Magna Park, which Wincanton is operating for Britvic

Beauty, as the saying goes, is in the eye of the beholder. And to the untrained eye there is nothing aesthetically uplifting about a 30 metre high, metal-clad shed.

But to many consumer goods manufacturers, such high bay warehouses are objects of corporate desire.

Fully-automated warehouses, with goods stacked 25m into the eaves and retrieved by automated handling equipment, can cost far less to operate than traditional sheds. The biggest saving is on labour costs because automation reduces the number of warehousing staff required by up to 90 per cent. With more goods stacked on the same square metre of land, very high warehouses also save on site costs. These economic arguments have led to a proliferation of warehouses with very high eaves. Moreover, high bay sheds are getting higher.

Warehouses built in the 1980s with 10-12m eaves are being dwarfed by a new generation of behemoths. At Lutterworth in Leicestershire, distribution specialist Wincanton is operating a 275,000 sq ft automated warehouse with 24m eaves on behalf of Britvic, the soft drinks company.

Mr Nick Redwood of Chesterton, the chartered surveyors, notes that such high bay warehouses appeal to manufacturers rather than retailers. "Automated warehousing works best for companies handling very high volumes of relatively few product lines. This is principally the domain of manufacturers," he says.

The influence of manufacturing companies has implications for location of automated warehouses. While retailers tend to site warehouses close to market – usually their stores – manufacturers want warehousing within striking distance of their factories.

The snag for manufacturers is that high bay warehouses and the equipment on which they depend are expensive capital items.

For retailers – often handling thousands of product lines and concentrating on quick turn-around of goods – fully automated warehousing does not make such economic sense. Retail companies often prefer to use manual labour, which can be hired on short-term contracts to meet seasonal peaks in demand. Moreover, stacking goods up to 80 ft is pointless if they spend only a few hours in the warehouse. For these companies, high bay warehouses are likely to have eaves of no more than 14m. But what they lack in height, they make up for in width.

Mr John Duggan, managing director of Gazeley Properties, a subsidiary of Asda, the food retailer, points to a trend towards very large warehouses. Gazeley has recently built high bay warehouses of up to 450,000 sq ft for Argos, the catalogue retailer, in Basildon and Stoke-on-Trent.

Automated warehousing aside, high bay development has tended to focus on traditional distribution locations in the Midlands, notably the "golden triangle" formed by the M1, M4 and M69 motorways.

Property agents estimate that about 40 per cent of the UK's 34 million sq ft of high bay warehousing is concentrated in the east and west midlands. Unlike office blocks, however, there is no standard specification for warehousing. Each user is likely to demand a different configuration depending on the management of their overall supply chain.

This has not stopped speculative development of high bay warehousing. Gazeley – headquartered at Magna Park, Lutterworth – is currently marketing two large speculative developments, at Milton Keynes and Hemel Hempstead, Hertfordshire.

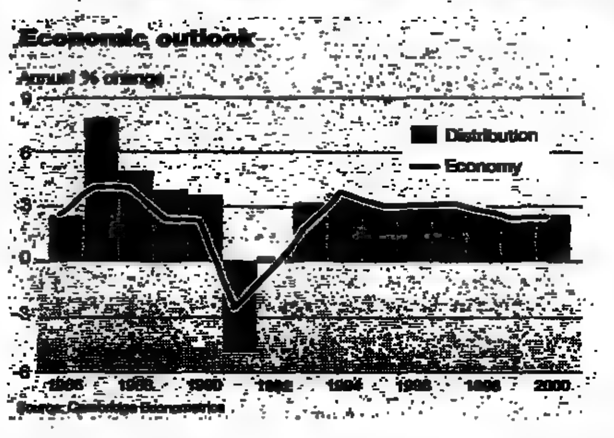
The 165,000 sq ft Apex Centre in Milton Keynes was forward-funded by British Airways Pension Fund in November 1994 under an agreement which assumed the building would be let at an initial yield of 8.25 per cent. As yet no tenant has been found for the building, which is adjacent to Junction 14 of the M1 motorway and boasts a 12m eaves height. This is bad news for Gazeley, which will see its development profit gradually erode until the rent starts flowing.

Moreover, investment yields on high bay warehousing have also drifted higher over the last two years. Figures from Hillier Parker, the chartered surveyors, show that prime investment yields on fully let warehouses have increased from under 6.5 per cent to about 7.25 per cent since 1994.

Rising yields – and, by implication, falling values – partly reflect the fact that high bay warehousing is no longer regarded by investment funds as a "hot" sector.

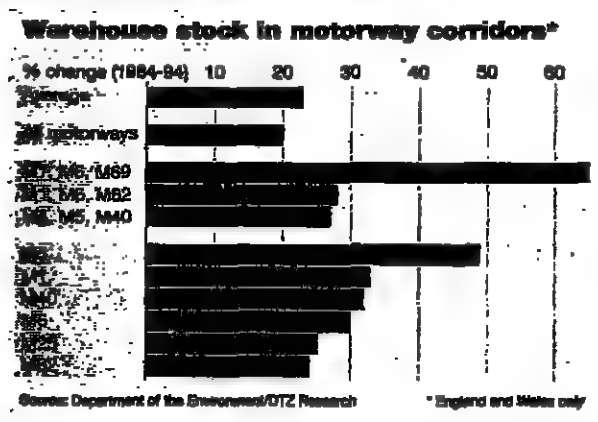
But the initial flood of capital into high bay warehousing has now diminished. Development activity peaked in 1995, when 31 big new warehouses were built, totalling 5.9 million sq ft. Hillier Parker expects about 22 new warehouses to open this year, declining to perhape 14 in 1997.

Economic outlook



Source: Cambridge Econometrics

Warehouse stock in motorway corridors*



Source: Department of the Environment/DTZ Research

* England and Wales only

■ **Location:** by Christine Moir

Testing the home truth

Reaction to the role of rail in the distribution network is decidedly mixed

The basic truism of real estate – that only three things count when it comes to property: location, location and location – is being challenged. Industry is increasingly prepared to put specification alongside the shibboleth of location as an equal priority.

The fact is that the days are long gone when occupiers were prepared to put up with anonymous buildings built to a uniform formula known as "institutional standard" because it met the minimum quality criteria of the investing institutions.

According to Mr Nick Redwood, Chesterton's director of business space and a specialist in distribution and warehousing in the UK, at least 75 per cent of all warehousing moves today are into bespoke facilities.

Material handling technology and information technology are the two main driving forces, of course. So powerful have they become that the Institute of Logistics is just about to publish Location is Not the Only Consideration: A Guide to Locating Industrial Facilities*. In addition to technology-driven requirements, it identifies a number of other factors which can influence demand.

Location is still the first factor to be considered when choosing a distribution facility. But locations vary in attraction to different users. Mr Redwood identifies three different distribution markets, each with their particular location demands:

- retailers
- manufacturers
- logistics providers.

Retailers, especially food retailers, are driven by where their markets lie. Their distribution centres must be very accurately located with reference to the delivery network. With upwards of 300-400 HGV movements a day at an average price of 1 per mile, siting a distribution centre 10 miles in the wrong direction can be an expensive mistake.

Manufacturers, naturally, are more sensitive to the link between their production base and storage sites. This sensitivity is enhanced by the increasing tendency for retailers to demand that manufacturers take primary responsibility for storage and distribution. Retailers want to do as little stockholding as possible. They would rather be supplied on a "just-in-time" basis by manufacturers.

By comparison with retailers, manufacturers usually have to deal with higher volumes of fewer lines. They are therefore better placed to consider the new generation of automated storage and distribution facilities, with their typical clear space height of as much as 25 metres. These are the so-called "high bay" units predicted to hold the future for UK distribution.

High bay units pose their own location needs. Mr Redwood ruefully admits that "they do not make good neighbours".

At present he can think of only seven sites suitable for a large facility between the M25 and what is regarded as the industrial "golden triangle" in England (delimited by the M1, M5, M6 and M47).

Evidence that the "golden triangle" continues to hold its position comes from the strong and rising land values on the main motorway hubs within it. The best pitches on the M25 take the lead, with serviced land fetching £500,000 per acre. The M4/M5 interchange takes second place at £350,000 though it can be overtaken by pockets along the M1 in the Birmingham area where land fetches between £250,000 and £500,000 per acre. The M40 comes into the same premier league, at £300,000.

Mr David Baker, a chartered surveyor who heads his own project consultancy and was also a member of the Institute of Logistics working party which produced the guideline, believes it is difficult to assess whether rail is beginning to affect the predominance of roads as far as location is concerned. "Some [of my clients] think rail important but they insist that rail ports must have inter-modal facilities with a direct link to primary trunking."

Even that cautious vote for rail is more than Mr Redwood will allow. "95 per cent of our enquiries do not want rail links", he insists. "If a site is on a road hub and it has rail links, that is seen as a benefit but almost none is prepared for rail alone."

Rail's main drawback is that it nearly always involves double handling. Even if the producer has on site rail distribution facilities, he cannot expect to deliver by rail into his customer's yard.

The most Mr Redwood will concede is that rail is suitable for high-volume, low-value products to be delivered over long distances – a minimum of 200 miles.

* *Guideline No 8: Institute of Logistics. Price: £35 to members; £50 to non-members. Phone: 01536 205 500 Fax: 01536 400 979*

■ **Demand:** by Christine Moir

A supply problem looms

The next battle could be between the property landlords and the logistics providers

If the present economic upturn is not nipped in the bud by election frosts or sluggish Continental demand, a supply problem could loom over next year's warehouse market.

That is the inference from the forthcoming annual Big Sheds survey soon to be published by Chesterton. Over the past 12 months, it notes, the supply of high specification distribution units of more than 50,000 sq ft close to motorway networks has shrunk by 25 per cent.

The previous year, according to Chesterton's figures, demand was also steady (if not quite so high) with the result that shortages are already occurring at the most favoured spots. There is, for example, no new high bay warehouse available at Heathrow at present.

Although demand is not yet strong enough to produce immediate rental growth or to stimulate a rush of speculative building, Mr Nick Redwood, Chesterton's director of business space, predicts an imminent end to occupier incentives such as short leases, rent-free periods or accommodating lease breaks.

The occupiers' best riposte in the current state of the market, he thinks, is to hold back on sealing property moves until developers and market specialists produce facilities even more tightly tailored to their needs.

He is confident that companies today know very well what their distribution needs are and that the property market has evolved to meet those needs.

The Institute of Logistics may lament the fact that 50 per cent of companies do not formally monitor the cost of occupying their buildings. But it would be wrong to infer that half of all companies are thereby caught unawares by relocation or do not know how to specify their needs. Informal monitoring is widespread and while not, perhaps, ideal, can yield useful information.

Property analysts and consultants confirm that companies today take a long-term planning approach to their property needs and are in a position to wait for the building or site which meets their specification.

In turn, specialist industrial property developers have evolved to meet this growing sophistication by tailoring sites and facilities with particular specifications in mind.

This tendency had its beginning in the late 1970s and early 1980s.

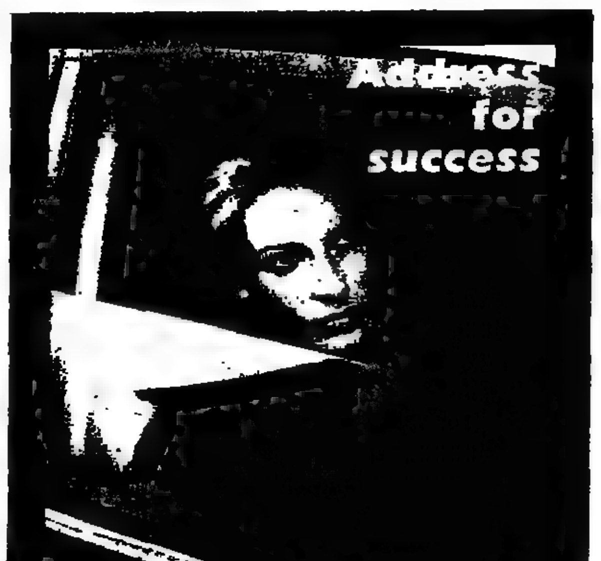
As they invested in new storage facilities, the retailers strove to save costs by minimising their stockholding requirements at the expense of producers. In large measure they have succeeded. The sector which leads demand today is for so-called "big sheds". These are much more suited to manufacturers and producers with their higher volumes of limited lines than to the smaller parcels of wide ranges needed by retailers. Self evidently it is the manufacturers who need to find extra storage space today.

Mr Redwood foresees the next struggle as one between property landlords (particularly institutional investors) and the logistics providers, warehousing and storage specialists to whom 30 per cent of all distribution is now sub contracted.

At present there is an imbalance between the needs of these two parties. The institutional landlords want long leases (15 years at least) with security of income. Logistical contracts, by contrast, are typically for three or five years. The Institute of Logistics fears that if the sub-contractors force leases down to match the length of their contracts, institutions may lose interest in the market and new sources of funding may have to be found.

But there are other scenarios. Landlords might be prepared to offer shorter leases – at a premium rent. Alternatively, sub-contractors might be able to persuade their clients (the retailers and manufacturers) to take responsibility for the longer term by way of a head lease. Thirdly, several sub-contractors might group together to agree an occupation sequence.

The alternatives have one thing in common: they require a built-in flexibility of design to make the buildings attractive to the next comer in the chain. This fights to some degree against the trend to ever more "bespoke" facilities, but may be a useful check and balance against over-specification.



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Financial Times

Distribution Property

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BRISTOL M4/M5 - CAUSEWAY 17 -
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Qatar liquefied gas project raises $1.2bn

INTERNATIONAL BONDS

By Richard Lapper and Conner Middelmann

A billion dollar plus transaction for a natural gas plant in Qatar took the eye yesterday, underlining the increasing importance of the international bond markets as a source of funding for infrastructure projects.

The $1.2bn bond for Ras Laffan Liquefied Natural Gas is thought to be twice the size of the previous largest project finance bond. The bonds are the first rated project debt in the Arab Gulf states and also the first rated long-term bond from the Gulf region, according to Standard and Poor's, the credit rating agency.

Ras Laffan's sponsors – Mobil QM Gas Inc, a subsidiary of Mobil Oil, and Qatar General Petroleum, the Qatar national petroleum company – are raising the $1.2bn bonds as part of a $2.4bn package, which also includes finance from banks and export credit agencies.

The bond consisted of two tranches: a 10-year $400m tranche, priced at 135 basis points over Treasuries and aimed mainly at investors in Europe and the Middle East and US insurance companies; and an 18-year $800m tranche for which it is expected most demand will come from US mutual funds and pension fund managers.

The bigger tranche was priced at 187½ basis points over Treasuries. Goldman Sachs, bookrunner, declined to comment on the deal. Goldman and CS First Boston were joint leads.

Elsewhere, the Korea Exchange Bank issued $200m of one-year floating-rate notes carrying a coupon of three-month Libor plus 10 basis points.

The yield at the re-offer price was Libor plus 15, significantly less than the 21-basis-point re-offer spread the borrower paid on a $100m one-year FRN as recently as September.

Lead manager Nomura International put the tightening down to increased investor interest in Korean assets following the announcement in October that the country is to join the OECD, pending a number of legislative changes.

Moreover, an official said, spread compression was likely to continue as Korea's credit perception improved. "Korea is rated AA–/A1, the same as Portugal," he said. Portugal's five-year D-Mark FRNs trade at around Libor less 2 basis points. He said the notes, which have a 20 per cent risk-weighting, saw good demand from commercial banks in continental Europe and the UK.

Two emerging market banks came to the market with small year-end offerings: Banco de Crédito Argentina issued $100m of two-year notes, puttable after one year at par, priced to yield 305 basis points over Treasuries. Lead manager Salomon Brothers reported sales to private investors in South America and Europe as well as European emerging market funds and Rule 144a investors in the US.

Another Latin bank name was Banco de Inversion y Comercio Exterior, which issued $100m of four-year bonds at a spread of 338 basis points over Treasuries via ING Barings.

Finally, Trinidad and Tobago returned to the market for the first time since 1994, with a $150m 10-year deal. Priced at 175 basis points over the 10-year Treasury, about half the bonds were sold to US investors, 30 to 35 per cent were placed in Europe, and the rest were sold to local buyers.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Ras Laffan LNG(a1,s)	400	7.628#	100.00R	Sep 2006	1.20R	-	Goldman Sachs
Ras Laffan LNG(a2,s)	800	8.294#	100.00R	Sep 2014	1.20R	-	Goldman Sachs
Israel Electric Corp(s)★	350	7.25#	99.81R	Dec 2006	0.65R	+91(6½%-06)	Lehman Brothers
Israel Electric Corp(s)★	125	7.875#	99.555R	Dec 2026	0.875R	+125(6⅞%-26)	Lehman Brothers
Israel Electric Corp(s)★	125	8.10#	99.827R	Dec 2096	1.125R	+145(6⅞%-26)	Lehman Brothers
Korea Exchange Bank‡	200	(b)	99.952R	Dec 1997	0.05R	-	Nomura International
Republic Trinidad & Tobago	150	9.00#	99.323R	Dec 2006	0.675R	+175(6½%-06)	Citibank International
BICE	100	9.375#	99.755R	Dec 2000	0.45R	+338(5½%-00)	ING Barings
Bco de Credito Argentina(c)	100	8.50#	100.00R	Dec 1998	0.375R	+305(T-bill)	Salomon Brothers
D-MARKS							
Brazil Repackaged Bonds(d)	120	(d1)	99.50R	Apr 2012	0.50R	-	Morgan Stanley Bank
YEN							
Sumitomo Realty & Dev(e)★	10bn	2.40	100.075R	Jan 2003	0.275R	-	Daiwa Europe
STERLING							
Craegmoor Fin, Cls A(f)‡	51.2	(f1)	100.00	Dec 2005	0.40	-	UBS
ITALIAN LIRE							
Eurofima‡	500bn	(g,s)	100.375	Aug 2006	0.50	-	BNL/Credito/San Paolo

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a1) Average life: 7.3 yrs. Plus 4 days accrued. a2) Average life: 15 yrs. Plus 4 days accrued. b) 3-mth Libor +10bp. c) Puttable on 18/12/97 at par. d) DM100m launched 15/11/96 was increased to DM220m. Callable on coupon dates from 15/10/99 at par. Amortises in 17 equal instalments from 15/4/04. Average life: 11½ yrs. d1) 13% to 15/10/98, then 10⅝%. e) Short 1st & last coupons. f) Legal maturity: 31/12/08. Average life: 8.5 yrs. Callable at 100¼% to Dec 98, then at par. f1) 3-mth Libor +60bp to Dec 06, then +250bp. f2) Class B: £11.2m, av life: 10 yrs, 3-mth L +70bp to Dec 06, then +270bp, par. f3) Class C: £17.6m, av life: 10 yrs, 3-mth L +125bp to Dec 06, then +325bp, par. g) 6-mth Libor -20bp. s) Short 1st coupon.

Resistance to terms on Mol loan facility

By Conner Middelmann

Hungary's largest company has sparked discontent in the syndicated loans market with the launch of a facility that many observers say is priced too tightly.

Mol, the oil and gas company, is to pay a margin of 25 basis points over London interbank offered rate (Libor) during the first three years of the $500m seven-year facility, rising to 30 basis points for the remainder of its life.

"Spreads have been falling in Hungary, it's true," said one banker. "But Mol is misreading the situation if it thinks it can set a new benchmark at these terms. This is one deal too far."

The race for tighter Hungarian price terms began last month when Matav, the telecommunications operator, secured a $250m five-year loan at a margin of 30 basis points over Libor.

While this was aggressive, it was seen as justified because Matav boasts strong foreign shareholders, and is a profitable company in a rapidly growing sector.

Matav's deal undercut the 50-basis-point margin the Hungarian government was paying on a facility set up in August, prompting the National Bank of Hungary (NBH) to reprice the facility.

NBH's negotiations for a cut in the margin to 20 basis points are still under way and have met with a mixed response.

While most relationship banks are thought to have stayed in the deal, several lenders with smaller commitments are said to have dropped out, creating a shortfall of around $50m.

As a result, bankers said, the facility may get scaled back, or the arranging banks will have to make up the difference.

Bankers expect Mol to face an even harder struggle. "It's bad enough getting only 20 basis points from NBH, but at least that's zero risk-weighted," said one banker. "Why anyone would want to take on a 100 per cent risk-weighted asset for seven years and paying such a small premium over NBH is beyond me."

Arranger Sumitomo Bank is putting together an arranging group. Several banks have declined its invitation, but some said they might reconsider their decision if the terms were modified. "We would happily join the deal if it were repriced at 35 to 40 basis points," said one dealer.

Mol illustrates the sharp decline in Hungarian margins over recent months. Earlier this year, it raised a $50m five-year term loan paying 100 basis points over Libor, and more recently it did a $60m refinancing at 75 basis points.

Some of this compression has been driven by supportive fundamentals: high bank liquidity due to large prepayments of loans by the Hungarian government, credit-rating upgrades and OECD membership. However, dealers say bank competition and borrowers' desire to obtain ever-cheaper pricings have driven margins to unjustifiable lows.

"Pricings have hit rock-bottom," said one banker. "We will need further fundamental improvements, such as another upgrade in the credit rating, before banks will be willing to move to lower levels."

Europe resumes fall, Treasuries lose early gains

GOVERNMENT BONDS

By Samer Iskandar in London and Lisa Bransten in New York

European bonds resumed their fall yesterday, after Wednesday's negative session, while US Treasuries retreated in the afternoon after a morning rally.

UK and Irish gilts suffered the steepest falls. Liffe's March long gilt future settled near the day's lows at 108[illegible], down [illegible].

Traders were torn between conflicting signals from the Confederation of British Industry's monthly survey, which showed a fall in manufacturing output expectations, and retail price data depicting a stubborn inflation rate of 2.7 per cent, higher than the government's target of 2.5 per cent.

In the end, the bearish arguments prevailed as weakening bunds and Treasuries dragged gilts down.

In the cash market, the 10-year benchmark gilt fell [illegible] to 98¾, its yield spread over bunds widening slightly to 193 basis points.

"At a spread of almost 200 basis points, gilts are cheap," said Ms Marie Owens Thomsen, chief economist at BIP-Dresdner Bank. "Gilts have a great potential to outperform in the medium term, because they are very far from their fair value."

She warned, however, that in the longer term the market could suffer as scepticism rises over the UK's likelihood of participating in European economic and monetary union as a founding member.

The 8 per cent Irish gilt due 2006 also lost ground, closing 0.75 lower at 107.35. A rise of 0.5 per cent in the consumer price index in the fourth quarter pushed the headline rate of inflation up to an annual 1.9 per cent, from 1.5 per cent in the third quarter.

However, Riada Stockbrokers in Dublin still expects Irish inflation to remain below the European average in 1997, as economic activity slows while growth in continental Europe accelerates.

Elsewhere in Europe, bond markets also fell as tension rose over EU finance ministers' negotiations for a stability pact after Emu. Italian and Swedish 10-year bonds fell ½ and ⅛, respectively, in what one analyst described as "the beginning of divergence".

"You cannot expect yields to converge non-stop from now until 1999," said Ms Owens Thomsen. BIP-Dresdner predicts a weakening of the US dollar during 1997, which would withdraw some of the support that the convergence process was receiving from a cheapening of the D-Mark.

According to Ms Owens Thomsen, the yield spread of 10-year Italian BTPs over equivalent German bunds could widen to around 200 basis points. This spread stood at 181 basis points yesterday.

US Treasury prices were mostly flat at midday yesterday, as traders took profits after an early rally inspired by economic data which showed there was no threat of inflationary pressures looming.

The benchmark 30-year Treasury shot up as much as a full point in early trading on news that retail sales had slipped 0.4 per cent in November.

Most economists had expected a gain of 0.2 per cent and early press reports indicated that sales were booming.

Economists at Donaldson, Lufkin & Jenrette said, that it was "too early to know for sure how the Christmas season is faring, but preliminary reports are certainly not as encouraging as press or retailers' reports have suggested, based on strong year-on-year comparisons".

Data on consumer prices were also friendly, with the consumer price index up 0.3 per cent, in line with expectations.

Bonds, however, proved unable to hold on to their early gains as the bearish tone that began amid Wednesday's sharp drop held sway.

By early afternoon in New York, the long bond was up [illegible] at 98[illegible] to yield 6.615 per cent, while at the short end of the maturity spectrum the two-year note was unchanged at 99[illegible], yielding 5.795 per cent. The March 30-year bond future added [illegible] to 113[illegible].

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	95.6160	–0.270	7.38	7.19	7.38
Austria		5.875	07/06	99.2500	–0.400	5.97	5.86	6.07
Belgium		7.000	05/06	106.7800	–0.400	6.03	5.86	6.12
Canada *		7.000	12/06	103.5500	–	6.51	6.63	6.36
Denmark		8.000	03/06	108.5200	–0.020	6.73	6.61	6.92
France	BTAN	5.500	10/01	103.1250	–	4.75	4.84	4.96
	OAT	6.500	10/06	104.7300	–0.250	5.88	5.74	5.97
Germany Bund		6.250	04/06	102.2000	–0.410	5.88	5.79	6.02
Ireland		8.000	08/06	107.3500	–0.750	6.92	6.70	7.02
Italy		9.500	02/06	112.3000	–0.450	7.60†	7.38	8.13
Japan	No 140	6.600	06/01	122.0699	+0.210	1.40	1.37	1.50
	No 182	3.000	09/05	103.5185	–0.010	2.47	2.34	2.52
Netherlands		8.500	06/06	118.6000	–0.210	5.87	5.75	5.92
Portugal		9.500	02/06	116.2000	–0.100	7.04	6.99	7.57
Spain		8.800	04/06	111.1500	–0.270	7.11	7.08	7.79
Sweden		6.000	02/05	93.9759	–0.860	6.99	6.77	7.26
UK Gilts		8.000	12/00	102–22	–10/32	7.21	7.27	7.19
		7.500	12/06	98–24	–27/32	7.68	7.58	7.70
		9.000	10/08	109–17	–32/32	7.76	7.61	7.81
US Treasury *		6.500	10/06	100–30	–12/32	6.37	6.20	6.35
		6.500	11/26	98–19	–16/32	6.61	6.48	6.66
ECU (French Govt)		7.000	04/06	105.2500	–0.030	6.24	6.07	6.37

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	5.81
Prime rate	8¼	Two month	-	Three year	5.94
Broker loan rate	7	Three month	4.97	Five year	6.14
Fed.funds	5⅜	Six month	5.23	10-year	6.38
Fed.funds at intervention	-	One year	5.49	30-year	6.63

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	128.32	128.20	–0.08	128.38	128.12	107,141	91,174
Mar	128.40	128.30	–0.08	128.46	128.22	60,625	107,195
Jun	127.20	127.10	–0.08	127.20	127.20	2	8,259

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
126	-	-	-	0.03	0.29	0.48
127	-	-	-	0.13	0.49	0.74
128	0.68	-	1.38	0.39	-	1.10
129	0.22	0.66	0.90	0.94	1.35	1.58
130	0.04	0.32	0.58	-	-	-

Est. vol. total, Calls 10,691 Puts 12,162. Previous day's open int., Calls 137,503 Puts 142,673.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.96	99.85	–0.11	100.20	99.62	186777	223699
Jun	-	98.96	–0.11	-	-	0	182

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
9950	0.64	1.01	1.25	1.23	0.29	0.66	0.90	1.77
10000	0.36	0.72	0.97	1.01	0.51	0.87	1.12	2.05
10050	0.17	0.49	0.73	0.82	0.82	1.14	1.38	2.36

Est. vol. total, Calls 20780 Puts 23299. Previous day's open int., Calls 171130 Puts 154091

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	128.00	127.33	–0.47	128.20	127.11	42930	81857
Jun	127.05	126.93	–0.42	127.10	127.05	1025	505

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
12700	2.13	2.77	1.80	2.84
12750	1.85	2.53	2.02	3.10
12800	1.57	2.31	2.24	3.38

Est. vol. total, Calls 5282 Puts 5226. Previous day's open int., Calls 96033 Puts 67482

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	111.47	111.22	–0.14	111.90	111.12	93,795	33,406
Mar	111.02	110.78	–0.12	111.41	110.70	20,949	38,994

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110-02	109-10	-0-21	110-02	109-19	2780	6820
Mar	109-13	108-19	-0-22	109-16	108-14	47907	134611

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
108	0-59	1-35	1-58	2-21	0-21	0-62	1-20	2-27
109	0-25	1-01	1-24	1-56	0-51	1-27	1-50	2-62
110	0-08	0-41	0-61	1-32	1-34	2-03	2-23	3-36

Est. vol. total, Calls 994 Puts 2182. Previous day's open int., Calls 37017 Puts 25601

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	95.40	95.26	–0.10	95.40	95.00	1,950	4,897
Mar	95.00	94.84	–0.12	95.00	94.70	825	3,141

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	112-31	113-22	+0-13	114-07	112-28	17,208	73,380
Mar	112-25	113-10	+0-13	113-23	112-17	579,408	692,128
Jun	112-18	112-26	+0-13	113-02	112-16	761	15,037

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	124.89	-	-	125.20	124.89	2087	n/a
Jun	123.75	-	-	123.75	123.62	466	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Dec 12	Day's change %	Wed Dec 11	Accrued interest	xd adj. ytd
1 Up to 5 years (21)	120.66	–0.06	120.78	2.23	9.44
2 5-15 years (19)	147.74	–0.34	148.24	1.94	11.68
3 Over 15 years (7)	167.51	–0.37	168.12	3.27	11.85
4 Irredeemables (6)	190.58	–0.63	191.79	1.71	13.47
5 All stocks (53)	143.03	–0.25	143.39	2.33	10.97
Index-linked					
6 Up to 5 years (2)	202.84	–0.02	202.87	1.17	5.28
7 Over 5 years (10)	194.24	–0.25	194.74	1.54	4.71
8 All stocks (12)	194.09	–0.23	194.55	1.49	4.89

	Low coupon yield Dec 12	Dec 11	Yr. ago	Medium coupon yield Dec 12	Dec 11	Yr. ago	High coupon yield Dec 12	Dec 11	Yr. ago
5 yrs	7.31	7.27	6.85	7.37	7.30	6.87	7.41	7.36	6.94
15 yrs	7.81	7.75	7.59	7.77	7.72	7.68	7.74	7.70	7.71
20 yrs	7.85	7.81	7.67	7.79	7.75	7.71	7.75	7.72	7.77
Irred.†	7.91	7.86	7.80						

	Inflation 5% Dec 12	Dec 11	Yr. ago	Inflation 10% Dec 12	Dec 11	Yr. ago
Up to 5 yrs	3.17	3.25	2.69	2.44	2.61	1.59
Over 5 yrs	3.57	3.58	3.51	3.35	3.39	3.33

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Dec 12	Dec 11	Dec 10	Dec 9	Dec 6	Yr ago	High*	Low*
Govt. Secs. (UK)	93.73	94.08	94.50	94.15	93.90	96.05	96.34	91.59
Fixed interest	116.53	116.41	116.54	117.05	117.01	114.91	117.82	110.74

Gilt Edged Activity Indices

	Dec 11	Dec 10	Dec 9	Dec 6	Dec 5
Gilt Edged bargains	78.7	83.0	92.0	93.7	97.8
5-day average	89.2	92.0	93.6	91.1	92.7

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UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 13¼pc 1997‡‡	13.16	6.12	[illegible]	[illegible]	[illegible]	[illegible]
Exch 10½pc 1997	10.43	6.26	[illegible]	[illegible]	[illegible]	[illegible]
Treas Cnv 7pc 1997‡‡	6.97	6.33	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1997‡‡	8.61	6.37	[illegible]	[illegible]	[illegible]	[illegible]
Exch 15pc 1997	14.01	6.58	[illegible]	[illegible]	[illegible]	[illegible]
Exch 9¾pc 1998	9.44	6.56	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on December 12

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100¼	100½	-⅛	6.44
ABN Amro Bank 7¼ 05	1000	102⅛	102⅜	-⅛	7.03
African Dev Bk 7¾ 23	500	101⅛	101⅜	-⅛	7.27
Spain 7¼ 03	4000	108⅞	109	-⅛	5.52
Volkswagen Intl Fin 7 03	1000	105¼	105⅜	-¼	5.80
World Bank 5⅞ 03	3000	102½	102⅝		5.43
World Bank 6⅜ 02	3000	104⅝	104⅞	-⅛	5.18
Abbey Natl Treasury 8 03 £	1000	100½	100¾	-½	7.89
British Land 8⅞ 23 £	150	95¾	95¾	-1	9.56
Denmark 6¼ 98 £	800	99¾	99⅞		5.80
Depfa Finance 7⅛ 03 £	500	98	98¼	-⅛	7.89

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated.

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CURRENCIES AND MONEY

Sterling rises as traders expect rate hike

MARKETS REPORT

By Simon Kuper

The pound gained against the D-Mark and the dollar yesterday, retracing more of its losses of last week, as traders continued to expect UK interest rate rises.

Sterling had opened lower in London after comments by Mr Eddie George, governor of the Bank of England, late on Wednesday that the currency's recent strong rise might not last. But the pound rebounded when UK inflation data emerged strong, as expected, firming the market's view that Mr Kenneth Clarke, the chancellor, would raise rates after his January monetary meeting with Mr George. The December 11 monetary meeting now seems unlikely to produce a rate hike.

The pound rose 0.8 pfennigs against the D-Mark to DM2.560 and 0.3 cents against the dollar to $1.658 in London yesterday.

The dollar gained Y0.5 against the yen to Y113.4 on reports that Kampo, the Japanese postal fund, would not hedge against a fall in the US currency because it believed the present dollar/yen rate was relatively stable. There had been rumours that Kampo would hedge its foreign bond holdings.

The dollar also briefly received a boost from weak US inflation data and a fall in November retail sales. These figures suggested a US rate rise was still some way off, encouraging stock and bond markets to rise. But the dollar lost some ground later in the day when the US asset markets slipped back. The dollar closed little changed against the D-Mark at DM1.544.

But it was a quiet day in a slow week on the currency markets. Mr Jeremy Hawkins, chief economist at the Bank of America in London, said: "We are getting to the time of year when there is not much interest."

Trading in European exchange rate mechanism currencies was particularly quiet, as it has been all week ahead of the European Union's Dublin summit. EU finance ministers were meeting in the Irish capital yesterday to try to agree a stability pact for European monetary union. The pact would set down fiscal targets that states joining Emu would have to meet for years into the future.

Mr Jacques Chirac, the French president, said he expected a pact to be agreed, although other politicians dissented. Most currency strategists expect a pact to emerge in outline from Dublin. But Mr Hawkins warned: "If the politicians do come out with nothing, the markets will take it as a sign that they can't agree." That would help the D-Mark and hit the lira and the peseta.

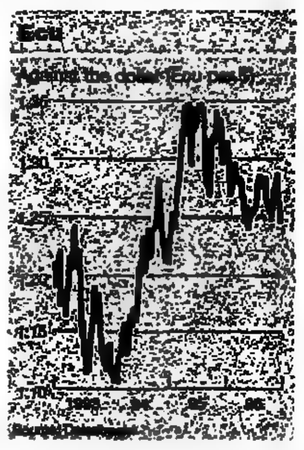
■ A growing number of economists have been expecting US interest rates to rise since Mr Alan Greenspan, chairman of the Federal Reserve, warned last week of the risk of "irrational exuberance" affecting the asset markets. A rate hike could be the Fed's method of preventing rising asset prices from causing generalised inflation.

But what would a rate increase do to the dollar? Mr Peter von Maydell, senior currency economist at UBS in London, said it would boost the currency. "Historically the dollar reacts positively to a shift of interest rate differentials in its favour." He acknowledged that when rates rose in 1994, the dollar fell, but said that case was the exception.

Mr Hawkins takes the opposite view. In the present climate, he said, a US rate rise would hurt the dollar. That was because the dollar was tending to follow movements in US stock and bond markets. A rate hike would hit these markets, thus reducing flows into the dollar. "Where go the asset markets, there goes the dollar," Mr Hawkins said.

■ The Confederation of British Industry warned that the pound's present strength, if it continued, could reduce gross domestic product growth by more than 25 basis points next year. That accords with the queue of UK companies that have recently said the strong pound is eating into their profits. Statements of this kind could raise pressure on the government to weaken sterling. So far Mr Clarke has appeared to follow a hands-off policy.

The CBI said that if the pound stayed at an index level of about 91.7 against a trade weighted basket of currencies, GDP growth would be 2.75 per cent in 1997 rather than the 3.1 per cent presently forecast. The pound's index level at yesterday's London close was 93.1



■ Pound in New York

Dec 12	—Latest—	—Prev. close—
£ spot	1.6575	1.6515
1 mth	1.6568	1.6508
3 mth	1.6543	1.6441
1 yr	1.6413	1.6349

■ OTHER CURRENCIES

Dec 12	£	$
Czech Kr	45.0686 - 45.1225	27.1580 - 27.2120
Hungary	264.882 - 265.0**	159.790 - 159.830
Iran	4973.80 - 4971.48	3000.00 - 3000.00
Kuwait	0.4985 - 0.4978	0.2998 - 0.3005
Poland	4.7247 - 4.7320	2.8500 - 2.8530
Russia	9194.21 - 9191.38	5540.00 - 5542.00
U.A.E.	6.0868 - 6.0920	3.6725 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Dec 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.0153	+0.0584	070 - 235	18.0235	17.8086	17.9718	2.9	17.9153	2.2	-	-	104.5
Belgium	(BFr)	52.7847	+0.1624	429 - 264	52.8260	52.1560	52.6597	2.8	52.3947	3.0	51.1997	3.0	105.2
Denmark	(DKr)	9.8023	+0.0287	983 - 063	9.8065	9.6888	9.7824	2.4	9.7418	2.5	9.5629	2.4	108.9
Finland	(FM)	7.6592	+0.0189	532 - 652	7.6660	7.5790	-	-	-	-	-	-	84.5
France	(FFr)	8.6610	+0.022	580 - 639	8.6639	8.5469	8.6402	2.9	8.5986	2.9	8.3989	3.1	107.9
Germany	(DM)	2.5601	+0.0083	590 - 612	2.5615	2.5275	2.5536	3.0	2.5403	3.1	2.4765	3.3	107.2
Greece	(Dr)	404.684	+1.653	464 - 815	404.760	399.365	-	-	-	-	-	-	68.8
Ireland	(I£)	0.9973	-	966 - 980	0.9982	0.9825	0.997	0.4	0.996	0.5	0.9894	0.8	102.6
Italy	(L)	2533.70	+8.18	246 - 494	2535.00	2501.17	2537.5	-1.8	2545	-1.8	2549.5	-0.6	77.7
Luxembourg	(LFr)	52.7847	+0.1624	429 - 264	52.8260	52.1560	52.6597	2.8	52.3947	3.0	51.1997	3.0	105.2
Netherlands	(Fl)	2.8713	+0.0088	698 - 727	2.8733	2.8381	2.8656	3.3	2.848	3.2	2.7745	3.4	105.3
Norway	(NKr)	10.7219	+0.0584	168 - 270	10.7394	10.5782	10.7094	1.4	10.6884	1.2	10.5844	1.3	99.5
Portugal	(Es)	258.679	+1.019	534 - 825	258.865	255.433	258.874	-0.9	259.244	-0.9	-	-	95.3
Spain	(Pta)	215.608	+0.847	514 - 701	215.701	213.040	215.773	-0.9	216.003	-0.7	216.000	-0.2	79.5
Sweden	(SKr)	11.2924	+0.0476	822 - 025	11.3025	11.1653	11.2812	0.1	11.2888	0.1	11.2782	0.1	88.0
Switzerland	(SFr)	2.1781	+0.0041	767 - 794	2.1795	2.1549	2.1701	4.4	2.1549	4.3	2.0834	4.4	108.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	93.1
Ecu	-	1.3295	+0.0048	288 - 303	1.3308	1.3158	1.3276	1.8	1.3232	1.9	1.3017	2.1	-
SDR†	-	1.148010	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6580	+0.0025	575 - 584	1.6587	1.6463	-	-	-	-	-	-	-
Brazil	(R$)	1.7189	+0.0018	183 - 195	1.7195	1.7073	-	-	-	-	-	-	-
Canada	(C$)	2.2508	-0.0053	498 - 517	2.2517	2.2381	2.2458	2.7	2.2348	2.8	2.1758	3.3	85.0
Mexico (New Peso)		13.1139	+0.0405	966 - 311	13.1311	13.0353	-	-	-	-	-	-	-
USA	($)	1.6582	+0.0025	578 - 586	1.6590	1.6465	1.6574	0.6	1.6549	0.8	1.6411	1.0	97.9
Pacific/Middle East/Africa													
Australia	(A$)	2.0915	+0.0016	903 - 926	2.0926	2.0745	2.0928	-0.7	2.0995	-0.4	2.0931	-0.1	94.3
Hong Kong	(HK$)	12.8270	+0.0218	231 - 309	12.8310	12.7349	12.8197	0.7	12.8058	0.7	12.7412	0.7	-
India	(Rs)	59.5045	-0.134	487 - 603	59.5810	59.0300	-	-	-	-	-	-	-
Israel	(Shk)	5.4413	+0.0041	349 - 477	5.4480	5.4092	-	-	-	-	-	-	-
Japan	(Y)	187.965	+1.119	845 - 085	188.090	185.040	187.035	5.9	185.18	5.9	176.765	6.0	128.9
Malaysia	(M$)	4.1832	+0.0087	813 - 850	4.1860	4.1513	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3711	-0.0076	693 - 728	2.3730	2.3557	2.3779	-3.4	2.3873	-2.7	2.4081	-1.6	110.6
Philippines	(Peso)	43.6024	+0.074	173 - 875	43.6888	43.3688	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.2192	+0.0095	174 - 209	6.2210	6.1754	-	-	-	-	-	-	-
Singapore	(S$)	2.3198	+0.0033	184 - 212	2.3217	2.3046	-	-	-	-	-	-	-
South Africa	(R)	7.8889	+0.1543	828 - 949	7.8950	7.8064	-	-	-	-	-	-	-
South Korea	(Won)	1402.01	+12.13	084 - 318	1403.28	1384.32	-	-	-	-	-	-	-
Taiwan	(T$)	45.6005	+0.0687	563 - 447	45.6448	45.2755	-	-	-	-	-	-	-
Thailand	(Bt)	42.4002	+0.0937	734 - 270	42.4260	42.0680	-	-	-	-	-	-	-

† Rates for Dec 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.8644	+0.0189	620 - 667	10.8860	10.8030	10.8497	1.6	10.8044	2.2	10.6094	2.3	104.4
Belgium	(BFr)	31.8325	+0.06	150 - 500	31.8920	31.6670	31.7725	2.3	31.645	2.4	31.105	2.3	105.1
Denmark	(DKr)	5.9114	+0.0084	104 - 124	5.9260	5.8827	5.9025	1.8	5.8841	1.8	5.8024	1.8	108.4
Finland	(FM)	4.6190	+0.0045	165 - 215	4.6277	4.6010	4.6102	2.3	4.5915	2.4	4.509	2.4	84.1
France	(FFr)	5.2231	+0.0054	226 - 236	5.2327	5.1865	5.2147	1.9	5.1987	2.0	5.1211	2.0	107.5
Germany	(DM)	1.5439	+0.0027	436 - 442	1.5475	1.5350	1.541	2.8	1.5351	2.3	1.5103	2.2	106.8
Greece	(Dr)	244.020	+0.63	970 - 070	244.080	242.350	245.575	-7.6	248.145	-5.8	259.17	-6.2	66.5
Ireland	(I£)	1.6626	+0.0025	620 - 635	1.6635	1.6510	1.6623	0.3	1.662	0.2	1.6591	0.2	-
Italy	(L)	1527.98	+2.63	760 - 835	1532.25	1516.62	1531.15	-2.5	1537.58	-2.5	1550.63	-1.5	77.4
Luxembourg	(LFr)	31.8325	+0.05	150 - 500	31.8920	31.6670	31.7725	2.3	31.645	2.4	31.105	2.3	105.1
Netherlands	(Fl)	1.7316	+0.0027	311 - 320	1.7359	1.7232	1.7278	2.6	1.7188	2.7	1.6843	2.7	105.1
Norway	(NKr)	6.4660	+0.0255	645 - 675	6.4840	6.4185	6.4623	0.7	6.4566	0.6	6.431	0.5	99.2
Portugal	(Es)	156.000	+0.38	950 - 050	156.320	155.090	156.205	-1.6	156.5	-1.3	157.275	-0.8	95.7
Spain	(Pta)	130.025	+0.315	000 - 050	130.260	129.350	130.205	-1.7	130.465	-1.4	131.13	-0.8	78.4
Sweden	(SKr)	6.8100	+0.0184	055 - 145	6.8250	6.7792	6.8072	0.5	6.7973	0.7	6.75	0.9	87.7
Switzerland	(SFr)	1.3135	+0.0006	130 - 140	1.3195	1.3090	1.3098	3.6	1.3018	3.5	1.269	3.4	105.5
UK	(£)	1.6582	+0.0025	578 - 586	1.6590	1.6465	1.6574	0.6	1.6549	0.8	1.6411	1.0	92.7
Ecu	-	1.2472	-0.0021	468 - 475	1.2521	1.2449	1.2486	-1.3	1.2517	-1.4	1.2683	-1.7	-
SDR†	-	0.69238	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0366	-0.0005	365 - 367	1.0376	1.0365	-	-	-	-	-	-	-
Canada	(C$)	1.3574	-0.0053	571 - 576	1.3613	1.3560	1.355	2.1	1.35	2.2	1.3225	2.6	84.1
Mexico (New Peso)		7.9085	+0.0125	000 - 170	7.9170	7.9000	8.0265	-17.9	8.293	-19.4	9.1535	-15.7	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	98.6
Pacific/Middle East/Africa													
Australia	(A$)	1.2613	-0.0009	609 - 617	1.2620	1.2598	1.2628	-1.4	1.2647	-1.1	1.2702	-0.7	95.5
Hong Kong	(HK$)	7.7355	+0.0015	350 - 360	7.7375	7.7325	7.7354	0.0	7.7359	0.0	7.747	-0.1	-
India	(Rs)	35.8850	-0.135	600 - 100	35.9200	35.8400	36.1	-7.2	36.56	-7.5	-	-	-
Israel	(Shk)	3.2815	-0.0024	784 - 845	3.2849	3.2780	-	-	-	-	-	-	-
Japan	(Y)	113.355	+0.505	310 - 400	113.550	112.400	112.88	5.0	111.875	5.2	107.675	5.0	129.9
Malaysia	(M$)	2.5227	+0.0014	222 - 232	2.5238	2.5195	2.5255	-1.4	2.5309	-1.3	2.5522	-1.2	-
New Zealand	(NZ$)	1.4299	-0.0068	292 - 306	1.4307	1.4290	1.4354	-4.6	1.4397	-2.7	1.4712	-2.9	-
Philippines	(Peso)	26.2950	+0.005	500 - 400	26.3400	26.2500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	+0.0001	504 - 507	3.7507	3.7504	3.7508	-0.1	3.7513	-0.1	3.7532	-0.1	-
Singapore	(S$)	1.3990	-0.0001	985 - 995	1.3999	1.3965	1.3968	1.6	1.3922	1.9	1.371	2.0	-
South Africa	(R)	4.7575	+0.088	550 - 600	4.7600	4.6730	4.7962	-10.3	4.8732	-9.7	5.188	-9.0	-
South Korea	(Won)	845.500	+6.05	000 - 000	848.000	844.500	-	-	-	-	-	-	-
Taiwan	(T$)	27.5000	-	800 - 200	27.5200	27.4800	27.5001	0.0	27.5003	0.0	-	-	-
Thailand	(Bt)	25.5700	+0.018	600 - 800	25.5800	25.5390	25.66	-4.2	25.8275	-4.0	26.465	-3.5	-

† SDR rate per $ for Dec 11. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Dec 11: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

December 12	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3⅛	3⅛	3⅛	3⅛	3¼	6.00	2.50	-
France	3[illegible]	3[illegible]	3[illegible]	3[illegible]	3½	3.20	-	4.75
Germany	3[illegible]	3[illegible]	3[illegible]	3[illegible]	3¼	4.50	2.50	3.00
Ireland	5[illegible]	5[illegible]	5[illegible]	[illegible]	6¼	-	-	6.25
Italy	8¾	7[illegible]	7¼	6¾	6[illegible]	9.00	7.50	7.83
Netherlands	2¾	2[illegible]	3⅛	3⅛	3¼	-	3.00	3.30
Switzerland	1½	2	2	2	2[illegible]	-	1.00	-
US	5½	5[illegible]	5[illegible]	5[illegible]	5[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5[illegible]	5[illegible]	5[illegible]	5¾	-	-	-
US Dollar CDs	-	4.75	5.04	5.13	5.28	-	-	-
ECU Linked Ds	-	4[illegible]	4[illegible]	4[illegible]	4[illegible]	-	-	-
SDR Linked Ds	-	3[illegible]	3[illegible]	3¾	3[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Dec 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible] - 3	[illegible] - 3	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	3⅛ - 3	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	3 - 2⅞	[illegible] - 3	[illegible] - 3	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible] - 3	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible] - 6½	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	6½ - [illegible]	[illegible]
Swiss Franc	[illegible]	[illegible] - 1½	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible] - 3	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible] - 7½	[illegible]	[illegible]	[illegible] - 6½
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible] - 2½	[illegible]	[illegible]	[illegible]	[illegible]	3½ - [illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.52	96.55	+0.04	96.55	96.52	11,181	34,236
Mar	96.57	96.60	+0.06	96.60	96.57	[illegible]	62,458
Jun	96.53	96.56	+0.06	96.56	96.53	8,570	38,439

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.75	96.76	+0.01	96.77	96.75	18000	187104
Mar	96.84	96.85	+0.02	96.87	96.84	23347	207008
Jun	96.79	96.80	+0.02	96.82	96.78	20565	170339
Sep	96.66	96.66	+0.02	96.68	96.65	11654	138581

■ ONE MONTH EUROMARK FUTURES (LIFFE) DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.68	96.70	+0.01	96.70	96.65	358	3624
Jan	96.89	96.90	+0.01	96.91	96.89	1020	7729
Feb	96.89	96.90	+0.01	96.91	96.89	[illegible]	4100
Mar	-	96.89	+0.01	-	-	0	1210

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.75	92.71	-0.04	92.77	92.70	8659	56047
Mar	93.50	93.46	-0.04	93.53	93.43	12554	84397
Jun	93.85	93.82	-0.03	93.89	93.79	3008	51114
Sep	93.99	93.94	-0.05	94.02	93.94	2095	25067

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.90	97.93	+0.07	97.94	97.87	4476	24402
Mar	98.01	98.11	+0.12	98.11	97.99	11917	37144
Jun	97.96	98.03	+0.08	98.04	97.94	3680	16309
Sep	97.87	97.89	+0.08	97.89	97.82	1286	6477

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	99.49	+0.01	-	-	0	n/a
Mar	-	99.45	+0.01	-	-	0	n/a
Jun	-	99.34	+0.03	-	-	0	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.81	95.80	-	95.82	95.80	485	7649
Mar	95.89	95.88	-	95.91	95.87	963	8586
Jun	95.90	95.89	+0.01	95.91	95.89	265	4278
Sep	95.86	95.85	+0.02	95.86	95.84	60	3156

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9250	0.21	1.00	1.40	0	0.04	0.08
9275	0.01	0.77	1.17	0.05	0.06	0.10
9300	0	0.56	0.96	0.29	0.10	0.14

Est. vol. total, Calls 2725 Puts 1844. Previous day's open int., Calls 121254 Puts 101886

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Dec 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.57	16.41	4.850	1.889	4801	5.440	20.31	490.1	408.5	21.39	4.127	1.895	4.265	3.141	356.2	2.520
Denmark	(DKr)	53.85	10	8.836	2.612	1.017	2585	2.929	10.94	263.9	220.0	11.52	2.222	1.020	2.296	1.691	191.8	1.357
France	(FFr)	60.94	11.32	10	2.956	1.151	2926	3.315	12.38	298.7	248.9	13.04	2.515	1.155	2.599	1.914	217.1	1.536
Germany	(DM)	20.62	3.829	3.383	1	0.389	989.8	1.121	4.188	101.1	84.22	4.410	0.851	0.391	0.879	0.648	73.44	0.520
Ireland	(I£)	52.94	9.831	8.687	2.568	1	2542	2.880	10.75	259.5	216.2	11.32	2.185	1.003	2.258	1.663	188.6	1.334
Italy	(L)	2.083	0.387	0.342	0.101	0.039	100.	0.113	0.423	10.21	8.508	0.446	0.086	0.039	0.089	0.065	7.419	0.052
Netherlands	(Fl)	18.38	3.414	3.017	0.892	0.347	882.6	1	3.734	90.11	75.10	3.932	0.759	0.348	0.784	0.577	65.48	0.463
Norway	(NKr)	49.24	9.144	8.079	2.388	0.930	2364	2.678	10	241.3	201.1	10.53	2.032	0.933	2.100	1.547	175.4	1.241
Portugal	(Es)	20.40	3.789	3.348	0.990	0.385	979.5	1.110	4.144	100.	83.34	4.364	0.842	0.387	0.870	0.641	72.67	0.514
Spain	(Pta)	24.48	4.546	4.017	1.187	0.462	1175	1.332	4.972	120.0	100.	5.237	1.010	0.464	1.044	0.769	87.20	0.617
Sweden	(SKr)	46.75	8.682	7.671	2.267	0.883	2244	2.543	9.495	229.1	191.0	10	1.929	0.886	1.994	1.469	166.5	1.178
Switzerland	(SFr)	24.23	4.500	3.977	1.175	0.458	1163	1.318	4.922	118.8	98.99	5.184	1	0.459	1.034	0.761	86.32	0.611
UK	(£)	52.78	9.802	8.661	2.560	0.997	2534	2.871	10.72	258.7	215.6	11.29	2.178	1	2.251	1.658	188.0	1.330
Canada	(C$)	23.45	4.355	3.848	1.137	0.443	1126	1.275	4.762	114.9	95.78	5.016	0.968	0.444	1	0.737	83.52	0.591
US	($)	31.83	5.912	5.224	1.544	0.601	1528	1.732	6.466	156.0	130.0	6.809	1.314	0.603	1.358	1	113.4	0.802
Japan	(Y)	28.07	5.214	4.607	1.362	0.530	1348	1.527	5.702	137.6	114.7	6.005	1.159	0.532	1.197	0.882	100.	0.707
Ecu		39.68	7.370	6.512	1.925	0.750	1905	2.159	8.060	194.5	162.1	8.488	1.638	0.752	1.692	1.247	141.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kroner per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6489	0.6485	-0.0038	0.6503	0.6465	7,556	41,271
Mar	0.6541	0.6504	-0.0036	0.6551	0.6500	29,133	38,911
Jun	0.6546	0.6546	-0.0033	0.6546	0.6546	280	4,390

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8869	0.8812	-0.0041	0.8890	0.8808	9,336	32,052
Mar	0.8975	0.8926	-0.0042	0.9006	0.8921	20,883	42,218
Jun	0.9085	0.9050	-0.0055	0.9085	0.9050	100	1,158

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7617	0.7585	-0.0051	0.7632	0.7582	7,443	36,141
Mar	0.7700	0.7645	-0.0054	0.7720	0.7643	33,201	38,817
Jun	-	0.7720	-0.0046	-	0.7715	529	1,334

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6492	1.6504	-0.0010	1.6522	1.6470	4,264	37,330
Mar	1.6468	1.6480	-	1.6510	1.6426	9,262	18,492
Jun	1.6420	1.6420	-0.0020	1.6450	1.6420	2	2,205

UK INTEREST RATES

LONDON MONEY RATES

Dec 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6⅞ - 6	6 - 5¾	[illegible]	6¼ - 6⅛	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	6⅛ - 6	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	5⅞ - 5¾	5⅞ - 5¾	6⅛ - 6	6⅜ - 6¼	[illegible]	6⅞ - 6¾
Discount Market deps	5⅞ - 5¾	[illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Dec 6, 6.0773pc. ECGD fixed rate Stg. Export Finance. Make up day Nov 29, 1996. Agreed rate for period Dec 25, 1996 to Jan 25, 1997, Scheme III 7.61pc. Reference rate for period Nov 1, 1996 to Nov 29, 1996, Schemes IV & V 6.373pc. Finance House Base Rate 6½pc from Dec 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.60	93.63	+0.05	93.64	93.59	10240	89067
Mar	93.43	93.43	+0.01	93.46	93.40	14002	95108
Jun	93.15	93.15	+0.01	93.17	93.12	12381	88773
Sep	92.93	92.92	-0.01	92.96	92.91	6614	55802
Dec	92.77	92.72	-0.03	92.77	92.71	4215	40936

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9350	0.15	0.12	0.10	0.02	0.19	0.45
9375	0	0.04	0.05	0.12	0.36	0.65
9400	0	0.01	0.02	0.37	0.58	0.87

Est. vol. total, Calls 5100 Puts 960. Previous day's open int., Calls 248838 Puts 171735

EMS EUROPEAN CURRENCY UNIT RATES

Dec 12	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.758259	+0.000803	-5.31	7.08	36
Finland	5.85424	5.78776	-0.00571	-1.14	2.58	8
Portugal	197.398	195.820	+0.17	-0.90	2.31	6
Spain	163.826	163.058	+0.078	-0.47	1.87	3
Netherlands	2.16979	2.17232	+0.00035	0.12	1.27	-1
Italy	1906.48	1915.33	+0.89	0.46	0.92	-3
Belgium	39.7191	39.9170	-0.0049	0.50	0.88	-4
Germany	1.92573	1.93615	-0.00003	0.54	0.84	-5
Austria	13.5485	13.6261	+0.0003	0.57	0.81	-4
Denmark	7.34555	7.41615	-0.00042	0.96	0.42	-7
France	6.45863	6.54805	-0.00584	1.38	0.00	-12
NON ERM MEMBERS						
Greece	295.269	306.111	+0.288	3.67	-2.21	-
UK	0.793103	0.758593	+0.000719	-4.35	6.00	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
1.640	1.20	2.18	2.78	0.14	1.19	1.96
1.650	0.55	1.63	2.31	0.55	1.64	2.43
1.660	0.18	1.20	1.86	1.12	2.21	2.99

Previous day's vol., Calls 956 Puts 188 . Prev. day's open int., Calls 34,310 Puts 67,517

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
0.640	1.10	1.41	-	0.02	0.21	0.41
0.645	0.67	1.05	1.38	0.11	0.35	0.56
0.650	0.23	0.75	1.10	0.23	0.54	0.76

Previous day's vol., Calls 1,701 Puts 7,186 . Prev. day's open int., Calls 39,388 Puts 87,082

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.47	94.46	-0.01	94.47	94.45	43,959	361,375
Mar	94.43	94.45	+0.01	94.47	94.42	97,142	400,166
Jun	94.29	94.32	+0.02	94.36	94.27	128,696	305,760

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.02	95.02	+0.01	95.03	95.01	419	4,786
Jun	94.89	94.89	-	94.91	94.88	53	2,142
Sep	-	94.80	+0.01	94.83	-	4	18

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Dec	PUTS Jan	PUTS Feb	PUTS Mar
9675	0.02	0.15	0.15	0.17	0.01	0.03	0.05	0.07
9700	0	0.01	0.03	0.05	0.24	0.18	0.18	0.20
9725	0	0	0	0.01	0.49	0.40	0.40	0.41

Est. vol. total, Calls 10609 Puts 8540. Previous day's open int., Calls 526985 Puts 359562

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9800	0.08	0.31	0.39	0.10	0.20	0.36
9825	0.01	0.15	0.25	0.33	0.29	0.47

Est. vol. total, Calls 0 Puts 50. Previous day's open int., Calls 9311 Puts 4946

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Cyprus Popular Bank	6.00	NatWestminster	6.00
Allied Irish Bank (GB)	6.00	Duncan Lawrie	6.00	•Rea Brothers	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.00	Royal Bk of Scotland	6.00
•Henry Ansbacher	6.00	Financial & Gen Bank	7.00	•Singer & Friedlander	6.00
Bank of Baroda	6.00	•Robert Fleming & Co	6.00	•Smith & Williamson Secs	6.00
Banco Bilbao Vizcaya	6.00	Girobank	6.00	Scottish Widows Bank	6.00
Bank of Cyprus	6.00	•Guinness Mahon	6.00	TSB	6.00
Bank of Ireland	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of India	6.00	•Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of Scotland	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Barclays Bank	6.00	•Hill Samuel	6.00	Whiteaway Laidlaw	6.00
Brit Bk of Mid East	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
•Brown Shipley & Co Ltd	6.00	Hongkong & Shanghai	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	•Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
		*Mount Credit Corp	6.25		

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INVITATION
FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF "A. LEKKAS & BROS. TEXTILE CO. S.A."
ETBA FINANCE FINANCIAL AND ECONOMIC SERVICES S.A., established in Athens at 1 Eratosthenous & Vas. Constantinou Streets, in its capacity as special liquidator, in accordance with Decision No. 11675/95 of the Athens Court of Appeal, of the above company which is currently under special liquidation as per article 46a of Law 1892/1990 and its amendments, and following the instructions of the creditors, ETBA S.A. and the National Bank of Greece S.A., as per para.1 of article 46a of Law 1892/1990,
INVITES
interested investors to express their interest in purchasing the assets of A. Lekkas & Bros Textile Co. SA presently under special liquidation, by submitting within the twenty (20) days from today a written, non-binding expression of interest.
BRIEF DESCRIPTION OF THE COMPANY UNDER LIQUIDATION
"A.LEKKAS & BROS. TEXTILE CO. S.A." owns two building complexes (factories) which can be sold either as a whole or separately. They are:
a) The factory at 10 Kentavrou Street, Lykovrisi, Kifissia
Plot area: 10,972 m². Buildings area: about 13,000 m² containing the weaving mill, dyeing and finishing plant and print-dying and finishing plant for woven fabrics.
b) The factory at Aspropyrgos, Kalamata
Plot area: 81,500 m². Buildings area: about 22,000 m² containing the cotton spinning mill, wool spinning mill, twisting machinery and yarn dyeing plant.
A detailed description of the above is contained in the Offering Memorandum which is available to interested investors.
Other details concerning the auction for the highest bidder
I. Potential buyers, after having signed a written promise of confidentiality, may obtain the Offering Memorandum from the offices of the liquidating company within the legal time limits. They may also have access to any other information they may require, and visit the sites of the factories for sale.
II. The Offering Memorandum contains a detailed description of the assets for sale of the company under liquidation and all other information that may be useful to the potential buyer.
III. The announcement of the Public Auction for the Highest Bidder will be published within the foreseen time limits and in the same newspapers. For any further information please apply to: ETBA FINANCE S.A., 1 Eratosthenous & Vas. Constantinou Street, 4th floor, Athens, Greece, tel. (301) 7260210 & 7260278, Fax: (301) 726 6864.

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COMMODITIES AND AGRICULTURE

Uphill struggle for pulp futures plan

By Bernard Simon in London and Greg McIvor in Stockholm

Backers of an international pulp and paper futures market are struggling to persuade the forest products industry to support their plans, in spite of a widespread desire to avoid the wild price swings that are a hallmark of the sector.

The idea of a futures market gained momentum in 1995 and early this year after a boom and bust cycle saw pulp prices double and then halve in less than three years.

Mr Edward Swan, a partner at UK law firm McKenna & Co, told yesterday's session of the annual world pulp and paper conference organised by the Financial Times that a futures market was "going to take you out of the betting parlour".

McKenna is among backers of the proposed Liverpool Derivatives Exchange (Livedex), which aims to start screen-based trading in three pulp and paper futures contracts by next November. There are also plans for futures contracts in Helsinki and Hanover but progress has been slow.

An exchange for pulp options and futures was due to open in Helsinki this autumn but was delayed after Finland's financial supervisory authority blocked market-making by banks and securities brokers.

When trading starts, the exchange will have to overcome the conservatism of the pulp and paper industry, but its biggest hurdle will be to establish a credible benchmark price, because settlement will be in cash rather than physical delivery.

There have been fears that the benchmark index might be open to manipulation, although the Finnish Options and Futures Exchange is confident its model will work.

A rival pulp futures exchange is to be set up in London next year by OM Group, the Swedish derivatives exchange operator. Settlement will be by physical delivery. Many industry executives are sceptical a futures market can work. One Canadian pulp producer said the forest products industry was too fragmented among different kinds of producers, processors and consumers.

Mr Peter Ingram, another Livedex backer, said it was a long, slow process. "More people think it's the right thing to do, but remain to be convinced that the mechanism can be established," he said.

Mr Swan declined to identify investors in Livedex, which is also examining futures contracts in cotton, airline frequent flyer points, and telecommunications time slots.

The Livedex steering group comprises a number of non-commodities companies which hope the Liverpool project can be a trail-blazer for other electronic exchanges.

The steering group is considering sites in central Liverpool and is seeking a chief executive.

Three basic contracts have been identified for futures: northern bleached softwood craft (NBSK), the pulp market benchmark; photocopier paper; and newsprint.

Mr Swan estimated that Livedex would need to trade between 2,000 and 3,000 contracts a day to be viable. He said price volatility of between 10 and 20 per cent was needed to justify a futures market.

Backers of futures markets were encouraged by a straw poll among conference participants. They predicted that the NBSK, currently at about $560 per tonne, could be anywhere between $475 and $610 this time next year.

Expanding Asian mills seen as disruptive force

By Bernard Simon

Asian mills may be a seriously disruptive force in world pulp and paper markets over the next few years, a conference in London heard yesterday.

Mr Martin Glass, a UK consultant, predicted that the capacity of new mills in Indonesia, South Korea, Thailand and other Asian countries would significantly outstrip rising demand in the region.

Asia, excluding Japan, imported a net 2.6m tonnes of printing and writing papers and 2.1m tonnes of newsprint in 1995. However, the region is expected to become a net exporter by the turn of the century. "Where these papers will be sold will be a source of increasing conflict," Mr Glass told the conference, organised by the Financial Times.

He predicted that European and North American producers, aggressively seeking to expand their markets, would increasingly clash with Third World producers, which generally have the advantage of lower costs.

Mr John Dillon, chief executive of International Paper, the world's biggest forest products group, said the industry's inability to hold capacity in line with demand had caused volatile prices and friction between producers and consumers.

He said supply and demand was relatively easy to predict, but noted that producers announce new capacity "in the face of compelling evidence that supply and demand will be out of balance" if all the projects come to fruition.

He identified three causes of chronic over-capacity:

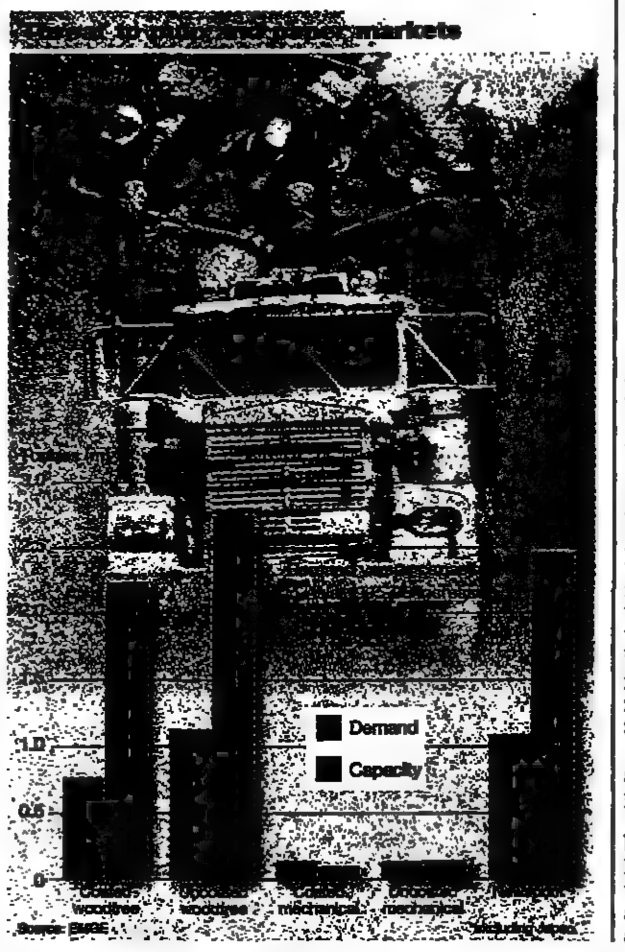
- Easy access to project finance based on a "gamble" that mills can be completed and lenders repaid before prices turn down.
- Government involvement in some countries, in the form of direct financial support, cheap fibre from state-owned forests, and the provision of cheap infrastructure.
- Unequal trade rules, which permit pulp producers in some countries to export freely to paper mills abroad, but limit imports of finished paper products from Europe and North America.

Mr Glass said growth in Asian graphic paper capacity would be 2.5 to three times the increase in demand over the next few years.

Concern centres on Indonesia, where pulp and paper capacity is expected to expand by 18 to 20 per cent a year. Exports could climb from 1m tonnes this year to 2.6m tonnes in 2000, while paper and board capacity is expected to grow from 1.7m tonnes to 2.9m tonnes.

Over-capacity is likely to be especially severe in newsprint. Following heavy investment in Asia, global capacity is projected to expand by 3.1m tonnes between 1995 and 1998, compared with demand growth of 1.6m tonnes.

[illegible] in pulp and paper markets



Soyabean prices up on export estimates

MARKETS REPORT

By Laurie Morse in Chicago and Deborah Hargreaves in London

Soyabean prices in Chicago jumped yesterday after the US Department of Agriculture raised its projections for the country's soyabean exports. The USDA also said reserves after exports and domestic processing needs were met would fall below last year's levels.

Soyabeans are crushed to make high-protein animal feed and cooking oils. US soyabean exports and local crushing figures both reached records in the first quarter of this marketing year, so revisions had been expected, but traders were surprised the US boosted the export figure by an aggressive 30m bushels.

The agency now estimates US soyabean supplies will be 180m bushels at the end of the 1996–97 marketing year, below last year's 183m, and last month's 210m estimate.

Futures for January delivery on the Chicago Board of Trade rose 7¾ cents per bushel by midday, to $6.99.

Wheat prices were also higher in Chicago as traders extended gains made on Wednesday. Although the USDA left most of its estimates for US wheat production and use unchanged in its report, talk that India was seeking to buy 500,000 tonnes on world markets boosted prices. Wheat futures for March delivery rose 3¼ cents a bushel to $3.86 in early trading.

Crude oil prices rose slightly after the falls of the previous two days.

After reaching $22.60 a barrel near midday, Brent Blend for January delivery was at $22.35 in late trading after closing on Wednesday at $22.15.

Vietnam plays down coffee mould problem

By Jeremy Grant in Hanoi

Traders in Vietnam yesterday played down market concern over mould damage to the country's coffee crop, saying only a modest amount of the current October–March season's harvest had been affected.

But they added that, although rain lashing the main coffee-producing area of Daklak had subsided in the past few days, the weather was still not clear enough to allay concerns over further mould as the harvest gathers pace.

"We are seeing some lower quality as a result of the rain but it's not as though farmers are wheeling in very high levels of mould," said one Daklak-based trader. "We see some coming in with very little mould and some with 2 to 3 per cent mould-damaged."

Reports earlier this week put the mould rate at between 3 and 4 per cent. Vietnamese regulations say a rate of up to 0.2 per cent is acceptable, and local trade officials insist that quality has not been affected by the six-week rains.

The trader said the harvest had yet to peak and farmers had been holding back on picking to an extent because of the rains. But he added that the next two weeks would be critical. "At least there's no rain, but we're also not seeing any sunshine," he said.

Trade has slowed in east Asia because of confusion among overseas traders over the extent of the mould and its effect on production of coffee in Vietnam, which is the second-largest producer of robusta beans in Asia after Indonesia.

However, one Ho Chi Minh City-based trader said there certainly had been some mould – and that some of it had arrived in Antwerp. "But I would say the problem has been rather exaggerated," he added. "We had our best month [of bookings] last month."

Grade two robusta was quoted yesterday at $950 a tonne FOB Saigon Port.

The Daklak trader said that most of the beans harvested last week – amounting to between 10 per cent and 15 per cent of the total crop – were affected by mould, but that this week's hauls were showing improved quality.

Clearer skies had encouraged farmers to speed up harvesting in the province, which accounts for about two-thirds of Vietnam's total coffee production. Increased acreage was likely to result in higher output, of 150,000 tonnes this year, up from 110,000 tonnes last year, the Daklak trader said.

An official at the Ho Chi Minh City branch of Vinacafe, the state inspection agency, said that the country would probably produce 250,000 tonnes of robusta this year, the bulk of which would be exported.

There is speculation that some mould could have been caused by contamination during storage. Freshly harvested coffee may have been held alongside six-month-old stock that some farmers had been withholding in the hope of better prices this season.

"Storage is still not particularly good in some parts. That's probably introduced mould into coffee that otherwise would be untainted," said the Ho Chi Minh City-based trader.

Quality is still a problem, with workers tending to "strip-pick" beans from branches, rather than carefully selecting better ones.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1496.5-8.5	1529-30
Previous	1485.5-86.5	1516-17
High/low	1492	1535/1515
AM Official	1491.5-2.0	1522-2.5
Kerb close		1527-8
Open int.	250,231	
Total daily turnover	78,212	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1335-40	1362-7
Previous	1330-40	1360-65
High/low		1370/1355
AM Official	1330-35	1363-5
Kerb close		1367-70
Open int.	6,316	
Total daily turnover	1,956	

■ LEAD ($ per tonne)

Close	689.5-90.5	694-5
Previous	670-1	678-9
High/low	703/682	703/684
AM Official	682.5-3.0	687-7.5
Kerb close		700-1
Open int.	38,621	
Total daily turnover	14,700	

■ NICKEL ($ per tonne)

Close	6590-600	6685-95
Previous	6675-85	6765-70
High/low	6555	6700/6660
AM Official	6555-60	6660-70
Kerb close		6700-10
Open int.	47,161	
Total daily turnover	13,578	

■ TIN ($ per tonne)

Close	5785-95	5830-40
Previous	5745-55	5785-90
High/low		5840/5800
AM Official	5790-800	5835-40
Kerb close		5820-30
Open int.	16,630	
Total daily turnover	5,634	

■ ZINC, special High grade ($ per tonne)

Close	1033-4	1058-8.5
Previous	1023.5-24.5	1048.5-49
High/low		1060/1054
AM Official	1031-2	1056-7
Kerb close		1058-9
Open int.	81,434	
Total daily turnover	21,609	

■ COPPER, grade A ($ per tonne)

Close	2273-6	2148-9
Previous	2313-18	2163-65
High/low	2265/2260	2175/2130
AM Official	2262-7	2150-1
Kerb close		2147-8
Open int.	168,398	
Total daily turnover	84,352	

■ LME AM Official £/$ rate: 1.6527
LME Closing £/$ rate: 1.6575

Spot 1.6552 3 mths: 1.6530 6 mths: 1.6485 9 mths: 1.6449

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	102.60	-1.10	103.70	101.60	2,341	5,058
Jan	101.70	-0.90	102.00	101.10	450	6,284
Feb	100.90	-0.70	101.60	100.20	89	1,422
Mar	99.70	-0.65	100.70	98.50	5,642	24,645
Apr	98.20	-0.40	98.20	98.20	13	822
May	98.45	-0.40	98.95	95.70	405	4,610
Total					9,372	88,603

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	368.60-369.00		
Opening	368.80-369.20		
Morning fix	368.60	222.123	484.893
Afternoon fix	368.60	222.621	485.446
Day's High	368.90-369.30		
Day's Low	367.90-368.30		
Previous close	368.40-368.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.16	6 months	3.44
2 months	3.20	12 months	3.53
3 months	3.21		

Silver Fix	p/troy oz.	US cts equiv.
Spot	292.20	483.00
3 months	296.35	488.90
6 months	300.65	494.85
1 year	309.80	507.00
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	368-370	222-224
Maple Leaf	-	-
New Sovereign	86-89	52-54

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	369.0	+0.2	368.8	368.0	84	783
Jan	369.8	+0.2	417.0	417.0	1,914	5,598
Feb	370.8	+0.2	371.1	369.7	21,501	91,680
Apr	372.9	+0.1	373.8	371.9	1,225	22,259
Jun	375.2	+0.1	375.3	374.3	1,022	15,573
Aug	377.5	+0.1	376.4	376.4	197	5,587
Total					25,950	185,766

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	371.1	-1.3	372.4	370.5	2,224	16,618
Apr	373.3	-1.2	374.8	372.5	698	11,264
Jul	376.0	-1.2	376.5	376.5	13	2,039
Oct	378.8	-1.2	380.5	378.0	179	1,159
Total					3,114	31,310

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	118.40	-1.35	119.50	119.00	7	3
Mar	120.40	-1.80	122.20	120.20	805	7,304
Jun	121.70	-1.80	-	-	50	383
Sep	122.70	-1.80	-	-	-	5
Dec	123.70	-1.80	-	-	-	17
Total					805	7,712

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	480.2	-	481.0	478.0	160	247
Jan	481.1	-	482.0	479.0	2	23
Mar	486.0	-	489.0	483.5	19,845	57,061
May	490.4	-	492.0	488.5	229	9,394
Jul	494.7	-	500.0	490.0	50	8,352
Sep	499.2	-	499.0	499.0	241	2,940
Total					20,833	84,686

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	23.70	+0.32	23.82	23.33	57,716	67,579
Feb	23.18	+0.25	23.35	22.88	36,486	70,550
Mar	22.73	+0.29	22.81	22.42	20,567	31,049
Apr	22.26	+0.33	22.32	22.01	4,569	20,257
May	21.76	+0.32	21.82	21.56	3,645	15,909
Jun	21.30	+0.31	21.40	21.14	3,594	28,774
Total					144,878	378,831

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	22.43	+0.28	22.68	22.27	12,336	29,122
Feb	21.95	+0.31	22.18	21.80	16,433	54,044
Mar	21.43	+0.26	21.65	21.29	2,355	31,523
Apr	20.90	+0.23	21.13	20.78	836	14,181
May	20.40	+0.22	20.64	20.35	420	9,772
Jun	19.87	+0.16	20.00	19.87	60	11,584
Total					[illegible]	[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	68.65	+1.83	68.65	66.90	31,320	30,905
Feb	67.90	+1.23	68.00	66.60	17,331	28,094
Mar	65.50	+0.63	65.65	64.65	4,440	13,351
Apr	61.85	+0.53	62.20	61.30	3,048	8,271
May	58.90	+0.48	59.00	58.50	480	4,237
Jun	57.00	+0.43	57.00	56.50	529	5,456
Total					88,621	100,042

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	205.00	+2.25	207.50	203.50	3,626	4,247
Jan	205.25	+0.25	208.25	205.25	11,884	30,190
Feb	201.25	+0.50	204.25	201.00	2,815	12,319
Mar	194.50	-0.50	197.50	194.25	1,479	8,241
Apr	187.50	-0.75	190.75	188.50	430	5,670
May	182.25	-0.75	185.00	183.00	99	3,020
Total					21,527	77,511

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	3.485	-0.008	3.565	3.340	26,515	32,919
Feb	3.215	-0.024	3.290	3.050	9,367	25,881
Mar	2.845	-0.035	2.910	2.785	3,341	15,627
Apr	2.470	-0.005	2.495	2.410	1,880	8,479
May	2.290	-0.005	2.310	2.280	1,088	7,034
Jun	2.200	-	2.215	2.180	518	6,143
Total					46,523	140,232

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Jan	64.80	+1.24	66.10	63.30	21,969	23,193
Feb	64.55	+1.00	64.65	63.30	8,040	18,818
Mar	64.50	+0.80	64.70	63.65	2,104	8,909
Apr	65.80	+0.35	65.80	65.55	1,159	4,076
May	65.30	+0.35	65.60	65.10	534	2,713
Jun	64.40	+0.55	64.50	64.40	114	2,528
Total					34,188	60,140

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	95.85	+1.00	96.35	95.55	228	1,338
Mar	98.25	+1.25	98.50	97.75	227	2,077
May	100.00	+1.15	100.40	99.70	255	3,185
Jul	101.15	+1.15	101.25	101.00	28	332
Sep	93.75	+0.85	-	-	-	2
Nov	95.75	+0.65	96.60	95.60	18	821
Total					830	6,752

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	404.00	+5.00	407.00	398.00	227	1,058
Mar	388.25	+5.50	391.00	383.50	10,810	32,445
May	361.75	+6.25	363.00	356.50	697	5,156
Jul	338.00	+5.25	338.50	334.00	3,070	17,249
Sep	341.00	+3.50	341.50	338.50	23	763
Dec	351.00	+3.00	351.00	349.00	10	463
Total					14,669	57,241

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	267.75	+0.25	268.50	266.50	4,311	13,996
Mar	264.25	-0.25	265.25	262.75	25,718	146,505
May	266.50	-0.25	267.50	265.00	4,323	52,748
Jul	268.25	+0.25	269.00	267.00	5,623	54,698
Sep	253.00	+1.5	253.25	252.00	159	5,837
Dec	252.00	+1.75	252.50	250.00	2,065	34,580
Total					42,677	311,040

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	95.25	+1.50	95.25	95.00	14	464
Mar	96.50	+1.50	96.75	95.75	54	231
May	97.75	+1.50	97.50	97.00	15	138
Sep	93.25	+0.75	93.25	93.25	2	1
Nov	95.25	+0.75	-	-	-	195
Total					85	1,027

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	702.75	+11.25	709.75	691.50	26,027	53,984
Mar	698.50	+12.25	699.00	687.00	12,342	40,112
May	695.25	+10.75	697.00	686.50	3,846	23,753
Jul	698.50	+10.5	697.25	687.25	4,414	23,423
Aug	694.00	+8.5	694.00	689.50	120	2,797
Sep	677.00	+8.5	677.00	671.00	128	[illegible]
Total					48,272	154,834

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	23.11	+0.11	23.20	23.02	3,223	2,116
Jan	23.32	+0.16	23.40	23.17	7,798	30,946
Mar	23.72	+0.16	23.77	23.59	[illegible]	[illegible]
May	24.00	+0.18	24.02	23.86	2,272	13,554
Jul	24.23	+0.17	24.25	24.05	1,350	8,363
Aug	24.28	+0.2	24.35	24.33	73	1,845
Total					21,131	98,414

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	235.7	+4.1	236.0	233.8	3,633	6,851
Jan	226.1	+4	226.5	[illegible]	11,343	25,928
Mar	219.7	+3.8	220.0	215.8	6,212	23,983
May	215.8	+4	215.8	212.8	3,178	14,590
Jul	214.7	+3.6	214.8	212.8	2,918	9,834
Aug	213.5	+3.5	212.5	211.5	66	2,050
Total					28,661	85,049

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	52.0	+2.0	-	-	-	-
Apr	63.0	+2.7	63.0	62.0	12	1,251
May	66.0	+2.5	-	-	2	39
Jun	78.0	+2.5	-	-	-	-
Apr	114.0	+0.5	-	-	-	554
Total					12	1,846

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1505	+15	1505	1500	18	352
Jan	1455	+30	1458	1445	306	1,861
Apr	1498	+23	1500	1480	92	872
Jul	1220	+8	1226	1220	32	398
Oct	1330	-	1334	1330	35	90
Jan	1340	-	-	-	-	39
Total					822	3,780

	Close	Prev
BFI	1480	1477

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	879	+1	881	881	73	220
Mar	932	+2	936	931	1,193	49,504
May	951	+1	955	[illegible]	91	18,908
Jul	966	-	970	966	66	12,631
Sep	981	-2	986	983	179	8,317
Dec	991	-	996	992	136	8,414
Total					2,409	119,731

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1327	-	1353	1325	5	6
Mar	1380	-9	1391	1378	2,657	39,232
May	1402	-7	1413	1401	262	11,201
Jul	1422	-11	1433	1420	123	7,352
Sep	1445	-7	1455	1445	98	6,671
Dec	1465	-8	1470	1465	10	1,365
Total					3,492	75,193

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Dec 11		
Daily	1029.08	1031.43

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	1332	+1	1340	1317	1,716	14,425
Mar	1278	+13	1275	1258	1,227	21,006
May	1237	+20	1236	1220	648	6,204
Jul	1224	+14	1219	1208	250	1,620
Sep	1220	+15	1218	1200	285	891
Nov	1220	+16	1214	1209	36	533
Total					4,172	44,686

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	123.40	+4.40	123.40	118.00	78	882
Mar	109.85	+1.75	110.25	107.80	5,972	15,346
May	107.35	+1.65	107.45	105.28	756	5,616
Jul	105.60	+1.60	105.80	103.75	102	1,865
Sep	103.65	+1.55	103.75	102.00	203	1,338
Dec	101.85	+1.70	101.75	99.90	236	1,074
Total					7,378	28,122

■ COFFEE (ICO) (US cents/pound)

		Prev. day
Dec 11		
Comp. daily	89.39	89.46
15 day average	92.98	92.80

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	299.7	+1.8	300.0	296.5	1,585	18,502
May	299.2	+1.6	299.2	297.0	492	5,206
Aug	300.7	+1.2	300.2	299.0	24	2,618
Oct	297.7	+0.2	298.0	296.5	66	1,767
Dec	298.9	+0.8	298.6	298.6	16	545
Mar	300.9	+0.7	-	-	-	377
Total					2,166	27,098

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.48	+0.04	10.47	10.37	6,981	80,301
May	10.57	+0.03	10.59	10.58	985	30,679
Jul	10.57	+0.02	10.58	10.53	278	21,316
Oct	10.60	+0.01	10.59	10.56	340	12,648
Mar	10.64	+0.02	10.60	10.60	107	3,794
May	10.63	+0.02	-	-	-	835
Total					8,681	150,884

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	76.45	+0.28	76.60	75.30	3,118	26,019
May	77.38	+0.28	77.48	76.45	836	10,477
Jul	78.17	+0.04	78.28	77.00	864	7,748
Oct	77.55	+0.10	77.25	77.10	11	1,243
Dec	76.95	+0.12	77.16	76.40	1,634	9,466
Mar	77.80	+0.07	-	-	6	384
Total					5,664	55,727

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	90.75	-0.10	91.40	90.50	678	10,423
Mar	94.50	-0.10	95.20	94.25	760	10,538
May	97.70	-0.05	98.20	97.60	122	3,089
Jul	100.35	+0.15	100.65	100.50	17	658
Sep	103.25	+0.15	103.00	102.00	14	268
Nov	102.50	-0.80	102.60	102.50	3	58
Total					1,582	25,073

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	66.775	+0.85	66.825	66.200	3,505	10,324
Feb	63.700	+0.775	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lb)

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

■ COPPER (Grade A) LME

■ COFFEE LIFFE

■ COCOA LIFFE

■ BRENT CRUDE IPE

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

■ NATURAL GAS (Pence/therm)

■ OTHER

FUTURES DATA
All futures data supplied by CMS.

Wool

The first half of the 1996/97 Australian wool selling season closed this week showing a slight but welcome firmer tendency. The Eastern indicator closed up 12cts at 568cts/kg. The Western advanced 10 to 542cts/kg. The New Zealand indicator rose 2 to 450cts/kg after a long spell of weakness. South Africa reported developing demand and the market closed on a positive note for the christmas recess at 2034cts/kg. The firmer closes before the long christmas break, with many wool markets closed until early January 1997, is seen as helpful on the demand side. In the UK some improvements in new orders are already indicated. Elsewhere, though pointers are unclear at present, the situation has not got any worse.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Dec 12	Dec 11	month ago	year ago
1858.2	1860.0	1842.1	2130.8

■ CRB Futures (Base: 1967 = 100)

■ GSCI Spot (Base: 1970 = 100)

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Yesterdays answer: 1661

CROSSWORD

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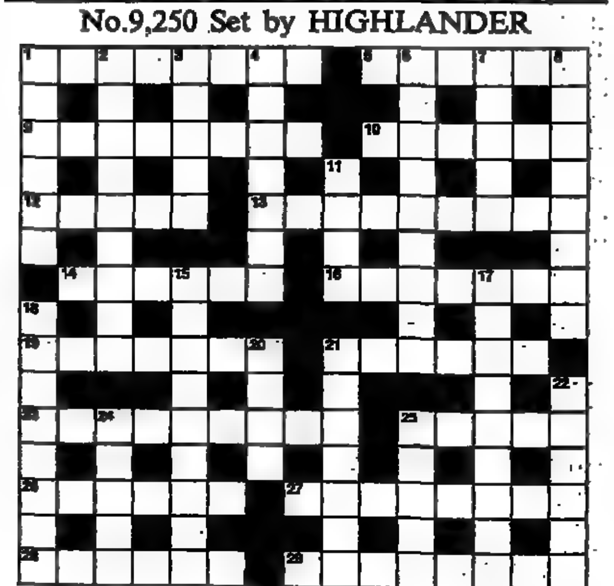


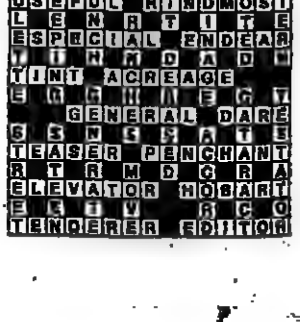
ACROSS

1 Special messenger accepts first letter from the court attendant (8)
5 Begin with present series of games away from home (3,3)
9 Information on alloy of tin or another common element (8)
10 Amicably settle paint arrangement (4-2)
12 Danger for each one left (5)
13 And please resort to promenade (9)
14 Convincing the chap behind the company (6)
16 An instant shine (7)
19 American car tailback one hears referred to by newsreaders (7)
21 For example, lacking heart, they indicate agreement for church councils (6)
23 Coyly flirtatious clothing is then adjusted (9)
25 Cabinet covers quarter that's come to an end (5)
26 Sarcastic and unyielding, starts to infuriate colleagues (6)
27 Take to the air daily – it's to catch insects! (8)
28 Take part or take on (6)
29 It is admitted by more vulgar campaigner (8)

DOWN

1 Is it possible for parrot to make party snack? (6)
2 The greatest possible amount, say nearly all (9)
3 Rum ring round legendary Scandinavian creature (5)
4 Situation in which one is most effective and vital part (7)
6 Something that's produced English, the master race (9)
7 Some home games shocked character from overseas (5)
8 Outdo even combination of those at the peak (3,5)
11 Minor argument with Southern Irishman (4)
15 Going beyond previous reported placement of competitors (9)
17 Captured goat dropped off by Stevenson (9)
18 Support the team that's bottom (8)
20 Way out sounds like an unknown thing (4)
21 Academic college loses one nil – by one run (7)
22 Listener at this point heard suggestion of hesitation (6)
24 In Chinese society head of household provides leather strip (5)
25 Deals well with clerical vestments (6)

Solution 9,249



Vietnam pla...
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CROSSWORD

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OFFSHORE AND OVERSEAS

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BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

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0897 365 365 Telegraph EasyConference

Odey Asset Management Ltd

Old Mutual International Fd Mngrs Ltd

Baring Global (Ireland) Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

[illegible]

TSB Fund Managers (CI) Ltd

[illegible]

Worldinvest (Managers) Jersey Ltd

[illegible]

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)

[illegible]

Fidelity Funds (u)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

OFFSHORE INSURANCES

[illegible]

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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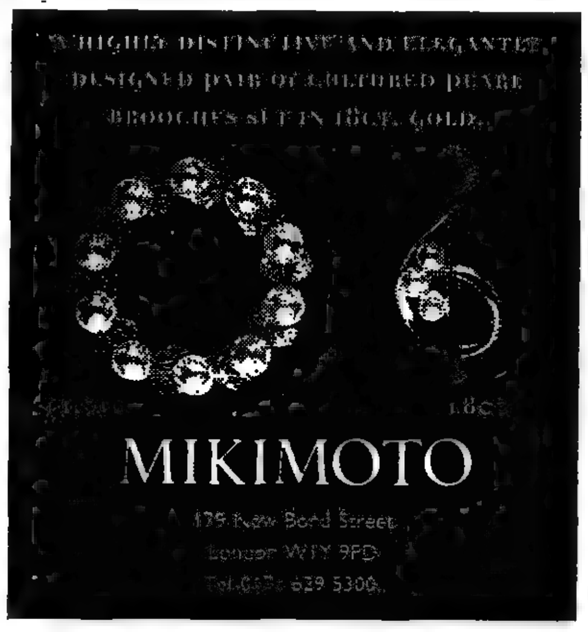


[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, RETAIL

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BREWERIES, PUBS & REST

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BUILDING & CONSTRUCTION

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BUILDING MATS. & MERCHANTS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

CHEMICALS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

CHEMICALS - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

DISTRIBUTORS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

DIVERSIFIED INDUSTRIALS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ELECTRICITY

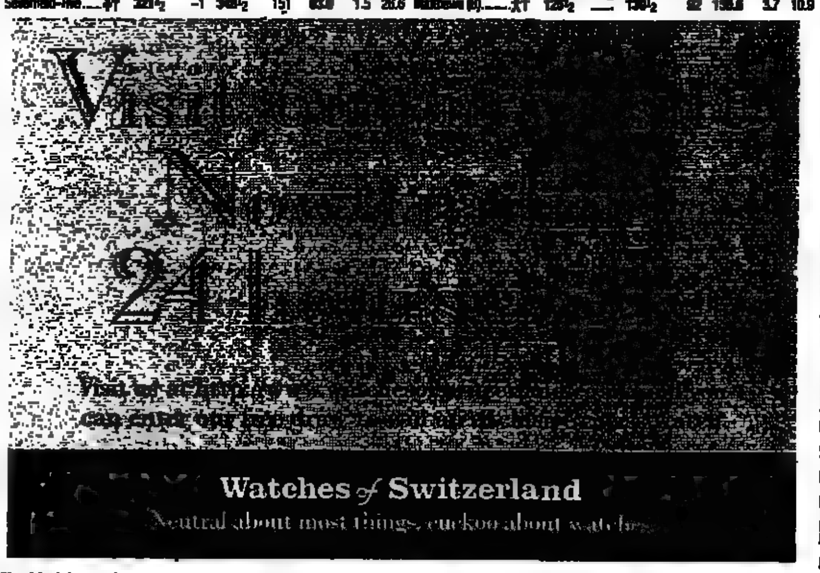
	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ELECTRONIC & ELECTRICAL EQPT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ENGINEERING

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								



ENGINEERING - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

ENGINEERING, VEHICLES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

EXTRACTIVE INDUSTRIES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

EXTRACTIVE INDUSTRIES - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

FOOD PRODUCERS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

FOOD PRODUCERS - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

GAS DISTRIBUTION

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HEALTH CARE

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HOUSEHOLD GOODS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

HOUSEHOLD GOODS - Cont.

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INSURANCE

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

INVESTMENT TRUSTS

	Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]								

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]								

INV TRUSTS SPLIT CAPITAL

	Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]								

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

LIFE ASSURANCE - Cont.

MEDIA

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PAPER, PACKAGING & PRINTING - Cont.

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

THE PERFECT EXCUSE TO PUT YOUR ARMS AROUND A WOMAN'S NECK THIS CHRISTMAS.

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GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FT/SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' basis.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension.
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates
... payment
i Indicated dividend yield, p/e ratio based on latest annual earnings.
p Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
... 1995
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
S Dividend a part is whole or part as a ...

FD (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other ...

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £3,360 a year for each security shown, subject to the Editor's discretion.

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Company Focus (FT news) £8.45.
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Calls charged at 45p per minute cheap rate and 50p per minute at all other times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 0171 873 4378 for more information on FT Cityline.

The share prices printed on these pages are also available on the Internet at http://www.FT.com.

LONDON STOCK EXCHANGE

Benign economic news lifts UK equities

MARKETS REPORT

By Steve Thompson,
UK Stock Market Editor

A morning rally in London faltered yesterday when more signs of nervousness from Wall Street emerged in afternoon trading. But the day's economic news helped steady UK share prices after Wednesday's losses.

Inflation figures for November and the latest monthly survey from the Confederation of British Industry, gave little or no cause for concern. All the leading FTSE indices clawed back some of Wednesday's severe losses.

The market was additionally cheered by news that UK interest rates had been left on hold for the time being after Wednesday's meeting between the chancellor and the governor of the Bank of England.

A raft of economic data from the US was similarly well-received, on both sides of the Atlantic. Wall Street initially recovered its poise after Wednesday's big shake-out, which saw the Dow Jones Industrial Average down more than 120 points at one stage, before staging a recovery to close 70 points lower.

But during the afternoon another bout of nervousness on Wall Street immediately made its presence felt across increasingly fraught European stock markets. An early 30 point rise in the Dow quickly turned into a 20 point fall.

Traders were also concerned about the weakness of the US bond market during Wednesday's session, when the 30-year bond fell not far short of two points; yesterday it showed little sign of recouping its losses.

The effect was to wipe out much of the strong performance London managed during the morning. The upshot of another tense trading day was that the FTSE 100 index was 8.2 higher at 3,990.7. The FTSE 250, meanwhile, closed 12.7 firmer at 4,379.5 and the FTSE Small Cap 1.3 better at 2,138.7. All of those closes were below the day's best levels.

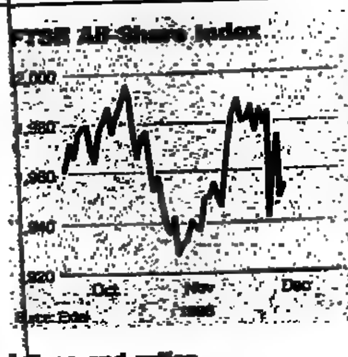
The gilts market never looked anything but shaky throughout the day, eventually giving way in worrying fashion. The 10-year gilt was down 18 ticks and the 20-year issue almost a full point down at the close.

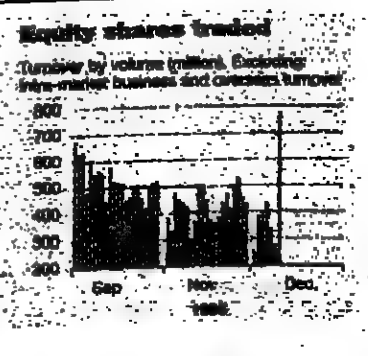
Marketmakers, whilst noting the latest show of volatility on Wall Street and in London, were slightly more relaxed about the day's events.

"Wall Street has had plenty of opportunities to crack in the past few days and it has bounced back every time; it is starting to look like it has had its scare and might now embark on a slow ride to Christmas," a trader said. Little in the way of institutional selling was reported.

Turnover at 6pm was a respectable 693m shares, and split evenly between FTSE 100 and other stocks. Customer business on Wednesday was valued at £1.99bn, the highest daily figure since last Thursday. And intra-marketmaker trading was also on the increase, reaching £635.1m, compared with Wednesday's £596.4m and Tuesday's £433.4m.

Tradepoint, the order-driven trading system, enjoyed one of its busiest ever trading days yesterday, winning big market share in two Footsie stocks, AB Foods and Barclays Bank.





Indices and ratios

FTSE 100	3990.7	+8.2
FTSE 250	4379.5	+12.7
FTSE 350	1983.1	+4.4
FTSE All-Share	1955.25	+4.11
FTSE All-Share yield	3.86	3.87
FT 30	2755.7	+4.0
FTSE Non-Fins p/e	17.71	17.69
FTSE 100 Fut Dec	3982.0	+9.0
10 yr Gilt yield	7.71	7.63
Long gilt/equity yld ratio	1.95	1.99

Best performing sectors

1 Gas Distribution .... +6.3
2 Utilities .... +1.1
3 Tobacco .... +1.0
4 Food Producers .... +0.8
5 Telecommunications .... +0.7

Worst performing sectors

1 Textiles & Apparel .... −0.7
2 Oil: Integrated .... −0.6
3 Insurance .... −0.5
4 Mineral Extraction .... −0.4
5 Chemicals .... −0.4

BT boost for Orange

By Joel Kibazo, Peter John and Lisa Wood

Mobile telecoms group Orange was one of the day's top Footsie performers after confirming it is in talks with British Telecom on changes to call rates.

The move is expected to help mobile operators such as Orange and One-2-One get a bigger proportion of revenue from BT for calls that end up on their network. One analyst indicated that the changes could result in a 13 per cent improvement in Orange's revenue.

The shares gained 9½ to 178½p on turnover of 26m, the most heavily traded stock of the day.

Mr Jim McCafferty at ABN Amro Hoare Govett said: "This is positive news for Orange because the annual revenue per subscriber is likely to rise by between 8 and 9 per cent."

The news also boosted Cable & Wireless, which has a 50 per cent stake in One-2-One. The shares hardened 4 to 452p.

BT hardened to 387p. Lehman Brothers published a detailed review on the stock. Analysts at the US investment bank said: "The market is accelerating from an overall 7 per cent volume growth over the last five years, to an anticipated 9.5 per cent per annum and our forecast for BT is an advance from 5 per cent to 6.5 per cent per annum."

Shell Transport avoided the potential impact of a weak underlying oil price as investors looked ahead to two high profile presentations, the first of their kind from the company for three years.

The company will hold its first showcase event in New York today and will follow on with another one-day investment seminar event at the Chiswell Street brewery in central London on Monday.

And while analysts are not anticipating any radical announcement, they are hoping for clues about rationalisation in Shell's European refining as well as further information about the company's involvement in the Gulf of Mexico.

The shares had been up 12½ and ended 5 stronger at 978p. That compared with falls of 9 to 658½p at BP, and 6½ to 581p for Enterprise.

Glaxo Wellcome slipped in early trading as HSBC James Capel slashed forecasts and turned seller of the stock.

The broker argues that the effect of strong sterling on overseas earnings will hit current year profits by £70m. On top of that, it has lopped a further £100m from its estimate because of the significant impact on marketing of new drugs. It also believes research and development costs will come to £1.2bn, up from its previous forecast of £1.1bn.

The net effect has been to lower the full year forecast to £2.93bn. Capel reduced its earnings per share forecast from 59p to 56p and suggested the shares will not be fairly valued until they fall below 900p. Glaxo fell 18 but recovered in afternoon dealing to close 6 up at 944p.

British Gas jumped to the top of the Footsie performance table with a rise of 14½ to 233p on turnover of 12m shares. There was also buying of short dated calls – options to buy shares at a fixed price up until a certain date – which is generally considered a bullish sign. Investors responded to data from Citywatch, the equities ownership analyst, that several big institutions have underweight positions in the stock.

Life insurance groups were under pressure from the general volatility in the market and talk that SBC Warburg was making cautious noises about Legal & General.

The broker was apparently saying that 10 per cent of the share price already represented potential bid premium and there was better value elsewhere. However, there was some support from down under. Australian Mutual Provident announced it was considering a listing in the UK and is believed to be interested in expanding its life activities in the UK and US. Legal shares shed 3 to 358p.

Dalgety firmed 10½ to 339p as old rumours recirculated that Nestle was considering making a bid for the group in order to acquire its pet foods business.

Nestle is a large manufacturer of pet foods and had wanted to acquire Quaker's European pet food business, but was pipped to the post by Dalgety in 1995. The acquisition has not been particularly successful to date, said one analyst, but it was seen as having potential. Nestle, he said, would probably like to buy the business from Dalgety but the UK food group probably did not want to sell. Making a bid for the whole group, he said, would be a cumbersome way of Nestle securing that goal.

Associated British Foods, which is perceived as a strong defensive stock, hardened 18½ to 459p.

A welcome hike in the dividend helped London Electricity move forward 11½ to 651½p. London saw profits for the six months to September dip to £69m from £84.5m a year ago. But the dividend of 14.3p was up from 11.5p previously and towards the top end of expectations.

Electricity generator Scottish Hydro eased 2½ to 314½p as the group turned in lower-than-expected half year profits.

Jones Stroud plummeted 30 to 395p after the textile and electrical accessories manufacturer posted a drop in first-half profits.

British Mohair fell 18½ to 100p after warning that profits for the second half of the year will be lower than those achieved in the first half.

Asda, which many analysts have considered to be cheap over the past couple of weeks, strengthened 1¾ to 121¼p on volume of 9.8m shares.

Greenalls fell 10½ to 591½p despite results in line with expectations. One analyst said that growth rates in some divisions of the business, including its managed houses, were below par for the sector.

Guinness rose 6 to 436p with one analyst suggesting this might be due to news that tariffs on brown distilled spirits traded between the European Union and the US were to be eliminated by the year 2000, four years earlier than expected.

Several stocks were adversely affected by falling out of the key indices. Pilkington fell 3½ to 144p and Courtaulds weakened 8½ to 373p after falling from the FTSE 100. Matthew Clark, which dropped out of the 250, fell 4 to 270½p. However, Fine Art Developments, which also fell out of the FTSE 250, rose 4 to 234p after a positive interim results statement.

Conversely, a number of stocks which joined the key indices rose, including new 250 member Biocompatibles, which climbed 37½ to 742½p.

FT 30 INDEX

	Dec 12	Dec 11	Dec 10	Dec 9	Dec 6	Yr ago	*High	*Low
FT 30	2755.7	2751.7	2782.9	2772.8	2740.7	2656.4	2865.2	2669.8
Ord. div. yield	4.14	4.14	4.09	4.10	4.14	4.05	4.22	3.76
P/E ratio net	16.66	16.67	16.86	16.80	16.65	15.89	17.46	15.80
P/E ratio nil	16.50	16.52	16.71	16.65	16.49	15.71	17.30	15.71

FT 30 since compilation: high 2865.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2756.6	2756.1	2763.2	2764.2	2768.8	2763.7	2766.8	2767.8	2749.3	2768.3	2748.6

	Dec 12	Dec 11	Dec 10	Dec 9	Dec 6	Yr ago
SEAQ bargains	30,990	34,935	36,321	37,010	42,424	27,257
Equity turnover (£m)†	–	1387.9	1337.9	813.2	1231.6	2064.3
Equity bargains†	–	17,801	19,395	20,862	22,966	32,669
Shares traded (m)†	–	410.1	774.5	272.6	339.0	693.2

†Excluding intra-market and Crest business and overseas turnover.

	Dec 12	Dec 11	Dec 10	Dec 9	Dec 6	Yr ago	*High	*Low
FTSE AIM	1017.90	1018.80	1022.10	1024.00	1019.90	–	1140.40	965.70

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London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	466	Total Highs	44	Total contracts	44,508
Total Falls	576	Total Lows	80	Calls	22,074
Same	1,534			Puts	22,434

Dec 12 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3989.0	3982.0	+9.0	4014.0	3958.0	16843	39047
Mar	4008.0	3998.0	+8.0	4029.0	3986.5	3093	25384
Jun	-	4018.0	+9.0	-	-	0	2269

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	4396.5	+12.0	-	-	0	3370
Mar	-	4449.5	+12.0	-	-	0	2326

FTSE 100 INDEX OPTION (LIFFE) (*3990) £10 per full index point

[illegible]

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock
90	F.P.	14.1	107½	100½	†Access…
§70	F.P.	18.8	84½	72½	Advance…
*	F.P.	10.2	100	100	†Archer…
§130	F.P.	34.4	162½	130	Britt Allc…
§138	F.P.	52.6	168½	152½	Car Gro…
§200	F.P.	38.1	246	227½	Cadcent…
5	F.P.	6.25	6¾	5¾	†Charter…
§100	F.P.	-	102½	99½	Cons Co…
§115	F.P.	4.27	122½	120½	†Dawn T…
§275	F.P.	71.9	327½	272½	Druid G…
§92	F.P.	9.26	97½	97½	Exeter I…
-	F.P.	61.5	623¾	613	Finsbury…
§	F.P.	30.6	610	570	First Ru…
115	F.P.	13.9	130½	122½	†Future…
§110	F.P.	41.5	122½	114½	†Goshaw…
*	F.P.	90.3	133	117½	Grantche…
§50	F.P.	5.81	52½	47½	†Kern R…
§170	F.P.	58.4	184½	172½	Kier Gro…
§135	F.P.	25.6	142½	130½	Oliver As…
§65	F.P.	18.3	77½	65½	Parkwoo…
125	F.P.	21.9	135½	122½	Provend…
§90	F.P.	18.0	100½	94½	†Recycli…
§160	F.P.	61.3	175½	160	SDX Bu…
§125	F.P.	33.6	139½	130½	Scot Hig…
§	F.P.	9.06	112½	110½	Second…
§	F.P.	1.02	10½	9½	Do Resid…
§	F.P.	10.9	185	183	Do Zero…
§180	F.P.	16.7	226½	202	Sample…

† Alternative Investment Market. § Placing price. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Dec 11	% chg on day	Dec 10	…
Gold Mines Index (32)	1959.87	−2.5	…	…
Regional Indices				
Africa (14)	2206.12	+1.6	2171…	…
Australasia (6)	2117.64	−1.9	2158…	…
North America (12)	1716.38	−4.2	1793…	…

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

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FTSE Actuaries Industry Sectors

[illegible]

Hourly movements

[illegible]

FTSE 350 industry baskets

[illegible]

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FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

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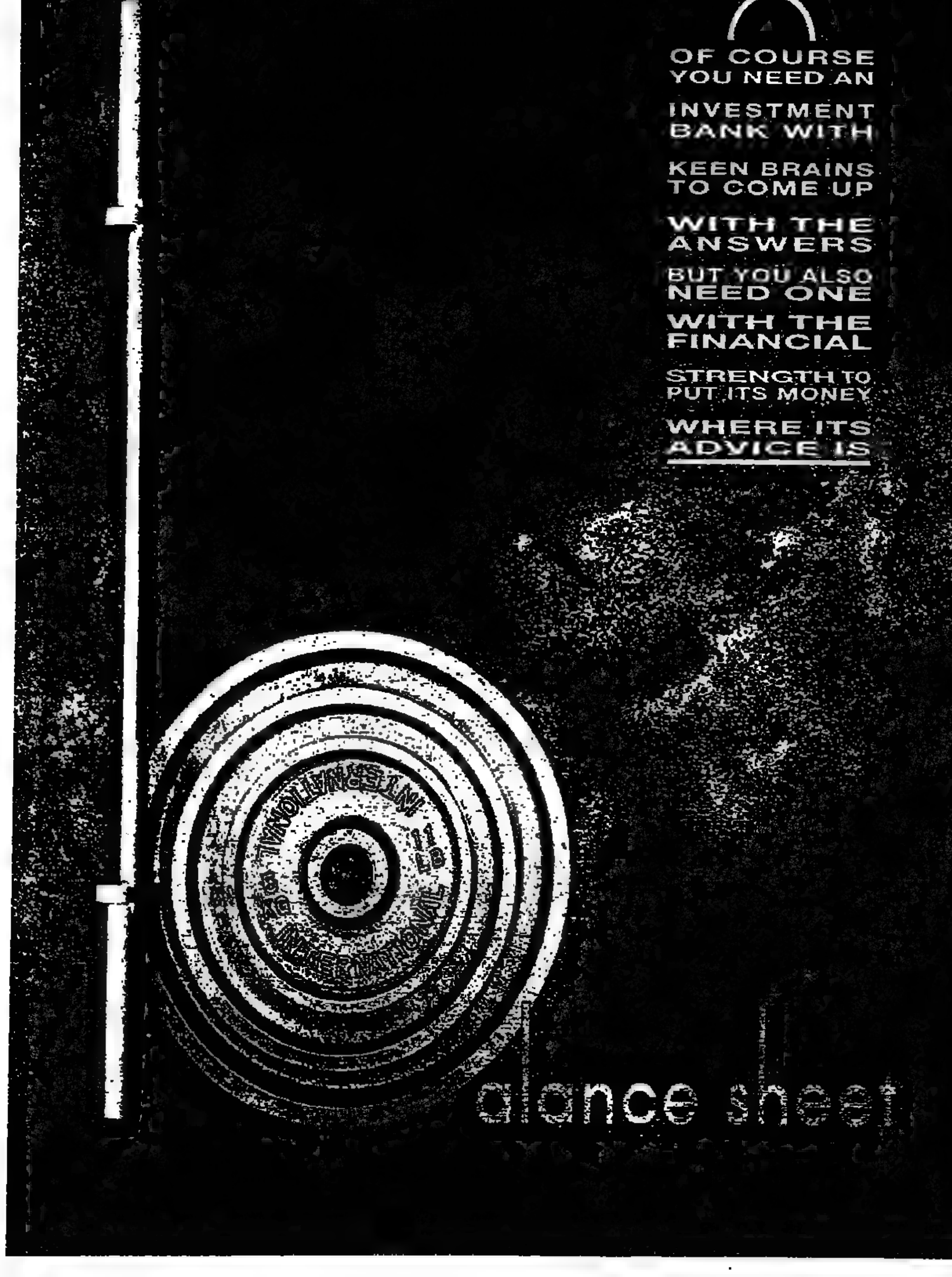

INVESTMENT BANKING. FROM A TO BZW

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A DIVISION OF BARCLAYS BANK PLC

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Dec 12 / Sch)

BELGIUM/LUXEMBOURG (Dec 12 / Frs.)

CZECH REP (Dec 12 / Korona)

DENMARK (Dec 12 / Kr)

FINLAND (Dec 12 / Mka)

FRANCE (Dec 12 / Frs.)

GERMANY (Dec 12 / Dm.)

GREECE (Dec 12 / Drachma)

ITALY (Dec 12 / Lire)

NETHERLANDS (Dec 12 / Fls.)

NORWAY (Dec 12 / Kroner)

POLAND (Dec 12 / Zloty)

PORTUGAL (Dec 12 / Escudo)

SPAIN (Dec 12 / Pta.)

SWEDEN (Dec 12 / Kronor)

SWITZERLAND (Dec 12 / Frs.)

TURKEY (Dec 12 / Tk Lira)

PACIFIC

JAPAN (Dec 12 / Yen)

AUSTRALIA (Dec 12 / Aus $)

HONG KONG (Dec 12 / H.K.$)

INDONESIA (Dec 12 / Rupiah)

MALAYSIA (Dec 12 / MYR)

NEW ZEALAND (Dec 12 / NZ $)

SINGAPORE (Dec 12 / S$)

SOUTH KOREA (Dec 12 / Won)

TAIWAN (Dec 12 / TW $)

THAILAND (Dec 12 / Baht)

AFRICA

SOUTH AFRICA (Dec 12 / Rand)

NORTH AMERICA

CANADA

MONTREAL (Dec 12 / Can $) 4 pm close

TORONTO (Dec 12 / Can $) 4 pm close

Every major world airline flies with Rockwell avionics.

Rockwell

INDICES

	Dec 12	Dec 11	Dec 10	1996 High	1996 Low
Argentina					
General(29/12/77)	(u) 17680.60	18100.18	18081.88	[illegible]	15297.25 22/8
Australia					
All Ordinaries(1/1/80)	2330.6	2360.3	2361.8	2394.70 28/11	2098.10 17/7
All Mining(1/1/80)	913.9	933.2	930.2	1110.40 6/5	912.30 8/12
Austria					
Credit Aktien(30/12/84)	376.38	380.48	383.44	394.80 3/5	348.19 8/8
Traded Index(2/1/91)	1121.98	1121.86	1127.97	1142.51 20/5	975.27 2/1
Belgium					
BEL20(1/1/91)	1862.98	1871.55	1882.14	1893.55 3/12	1574.90 2/1
Brazil					
Bovespa(29/12/83)	(u) 65770.0	68559.0	69471.88 5/12		40801.89 2/1
Canada					
Metals Minls(1975)	(u) 5294.59	5361.78	5824.00 6/5		4887.47 16/1
Composite(1975)	(u) 5781.70	5819.80	6010.85 28/11		4230.70 15/1
Portfolio(4/1/83)	(u) 2858.43	2947.56	3020.78 28/11		2327.28 12/1
Chile					
IGPA Gen(31/12/80)	(u) 4980.87	5019.17	[illegible] 8/1		4923.84 6/12
Denmark					
CopenhagenSE(3/1/83)	460.38	461.06	463.70	469.70 10/12	368.40 2/1
Finland					
HEX General(28/12/90)	2432.32	2434.25	2491.90	2494.59 10/12	1851.87 10/1
France					
SBF 250(31/12/90)	1498.95	1498.82	1520.08	1578.28 3/12	1280.18 2/1
CAC 40(31/12/87)	2212.11	2213.28	2251.40	2349.11 3/12	1887.86 11/1
Germany					
FAZ Aktien(31/12/58)	983.88	984.49	996.74	1006.18 5/12	818.56 2/1
Commerzbank(1/12/53)	2865.59	2872.10	2919.60	2926.80 5/12	2370.18 2/1
DAX(30/12/87)	2847.08	2841.85	2891.00	2909.91 5/12	2284.86 2/1
Greece					
Athens SE(31/12/80)	895.65	909.34	903.30	1047.39 4/3	872.39 7/8
Hong Kong					
Hang Seng(31/7/64)	(u) 13099.60	13392.45	13530.95 27/11		10204.87 2/1
India					
BSE Sens(1979)	2800.25	2841.35	2798.37	4069.26 [illegible]	2745.09 4/12
Indonesia					
Jakarta Comp(10/8/82)	627.80	626.57	626.87	634.67 9/12	512.48 2/1
Japan					
Topix(4/1/68)	1512.43	1524.90	1542.99	1722.13 28/6	1512.43 12/12
2nd Section(4/1/68)	1924.29	1931.15	1937.24	2251.48 2/7	1924.20 12/12
Malaysia					
KLSE Comp.(4/4/86)	1188.80	1204.30	1214.56	1234.73 28/11	980.10 2/1
Mexico					
IPC(Nov 1978)	(c) 3241.75	3307.08	3433.75 27/8		2739.98 8/3
Netherland					
CBS TtlRtnGen(End 83)	708.3	703.1	714.3	730.20 3/12	559.60 2/1
CBS All Shr(End 83)	414.5	412.6	419.3	428.59 3/12	326.70 2/1
New Zealand					
Cap. 40(1/7/86)	2282.52	2277.53	2257.57	2288.92 5/12	2025.14 7/8
Norway					
Oslo SE(Ind)(2/1/83)	1590.59	1597.55	1617.26	1617.26 10/12	1266.88 30/1
Philippines					
Manila Comp(2/1/85)	3120.11	3160.76	3128.36	3374.49 3/7	2878.97 2/1
Portugal					
BTL 30(4/1/93)	2121.48	2113.26	2118.59	2121.48 12/12	1902.81 2/1
Singapore					
SES All-S'pore(2/4/75)	525.39	533.83	537.23	618.37 5/2	503.78 21/10
South Africa					
JSE Gold(28/9/78)	1533.2	1542.1	1526.4	2030.40 29/5	1346.40 2/1
JSE Ind.(28/9/78)	7814.7	7861.8	7897.4	8739.30 25/1	7592.40 21/8
South Korea					
KoreaCompEx(4/1/80)	699.36	704.88	702.83	986.84 7/5	699.36 12/12
Spain					
Madrid SE(30/12/85)	401.16	405.27	411.25	411.42 3/12	320.78 11/1
Sweden					
AffarsvaldsGen(1/2/37)	2315.1	2311.4	2353.3	2354.30 5/12	1709.60 22/7
Switzerland					
Swiss Bk Ind(31/12/58)	1829.26	1831.53	1845.06	1856.16 3/12	1516.19 17/1
SBC General(1/4/87)	1204.38	1206.95	1204.98	1215.83 3/12	1114.47 26/1
Taiwan					
Weighted Pr.(30/6/66)	6828.82	6802.74	6841.08	6883.81 3/12	4690.22 6/2
Thailand					
Bangkok SET(30/4/75)	872.25	886.80	(c)	1410.84 6/2	872.25 12/12
Turkey					
Istanbul Comp.(Jan 1986)	90838.5	96820.7	93217.1	94407.20 9/12	38779.30 2/1

US INDICES

Dow Jones

Industrials

Home Bonds

Transport

Utilities

NYSE Comp.

Amex Mkt Val

NASDAQ Cmp

RATIOS

Dow Jones Ind. Div. Yield

S & P Ind. Div. yield

S & P Ind. P/E ratio

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

INDEX FUTURES

CAC-40

DAX

OMX

S&P 500

Nikkei 225

TOKYO - MOST ACTIVE STOCKS: Thursday, December 12, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Honda Motor	16.6m	3100	-70	Mitsubishi Hvy	2.9m	900	-10
Kawasaki Elect Ry	6.6m	826	-24	NEC Corp	2.8m	1400	
Sk Tk-M'bishi	3.8m	2080	-50	Toyota Motor	2.7m	3150	-70
Nippon Steel Cp	3.3m	333		Toshiba Corp	2.5m	735	-8
Hitachi	2.8m	1070		Hitachi Zosen	2.3m	474	-11

4 pm close December 12

NEW YORK STOCK EXCHANGE PRICES

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
31¼	17⅞	AAR	0.48	1.7	26	370	28¼	27⅝	27¾	-1⅛
46⅞	33	AMP	1.00	2.6	18	10075	39⅝	37⅞	38⅛	+½
97½	68	AMR			17	3267	82⅞	80⅞	80⅝	-3⅛
50½	36⅞	ASA	1.40	3.8	24	458	37⅛	d36⅞	36⅞	-⅜
57⅞	38⅛	AbbotL	0.96	1.9	21	9926	52⅛	51	51⅛	-1⅛
17⅛	12¼	AbitbiPr x	0.40	2.8	7	1739	14¾	14½	14½	-⅛
20¾	13½	ABM Ind	0.35	2.2	16	348	16	15⅞	15⅞	-⅛
22½	13⅞	Acptncein			18	67	20½	20⅜	20⅜	-⅛
[illegible]	37⅝	ACE Ltd	0.56	0.9	14	494	u60	58⅞	59½	+⅞
10⅞	9⅛	ACM Gvt In	0.88	8.5	8	534	10¼	10	10⅛	+⅛
7⅞	6⅝	ACM GvOpp x	0.57	7.9		1311	7¼	7⅛	7⅛	+⅛
9⅝	8⅞	ACM Man x	0.90	9.4		111	9⅝	9⅝	9⅝	
13⅞	6⅛	Acme Elect	0.32	4.4	56	66	7⅜	7¼	7¼	-⅛
21⅝	17⅞	Acme Mtls			14	165	20⅞	19¾	19⅞	+⅛
33¾	27¼	Acordia x	0.80	2.8	14	49	29½	29	29	-⅛
24¾	12	Acuson			110	2540	23¼	21½	23¼	+1⅝
21⅛	17⅞	Adams Expr	0.55	2.8	1	199	18⅝	18⅜	18½	+⅛
28¾	10¼	AdvMic				2722931	u28⅞	27⅛	27⅛	+¾
11⅛	8½	Advest Grp	0.16	1.6	7	11	10⅛	10⅛	10⅛	
26⅛	9⅛	Advo Inc	0.10	0.9	66	290	11⅞	11⅞	11⅞	-⅛
56⅞	41⅛	Aegon	1.45	2.6	17	66	55¼	54¾	55⅛	-⅝
6¾	3½	Aeroflex			2	284	4⅝	4¼	4¼	-⅛

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

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- P - Q -

- R -

- S -

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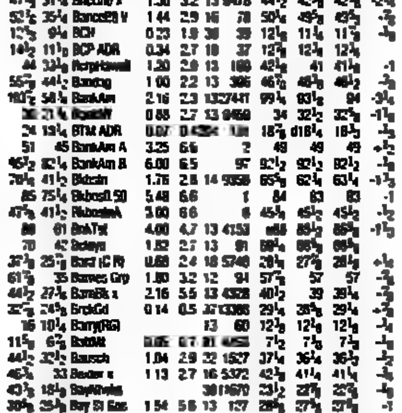

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4 pm close December 12

NYSE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close December 12

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. dv-sales. u-new yearly high. x-ex-dividend or ex-rights. yd-yield. z-sales in full.
‡ Dealings suspended.

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AMEX PRICES

4 pm close December 12

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Financial Times. World Business Newspaper.

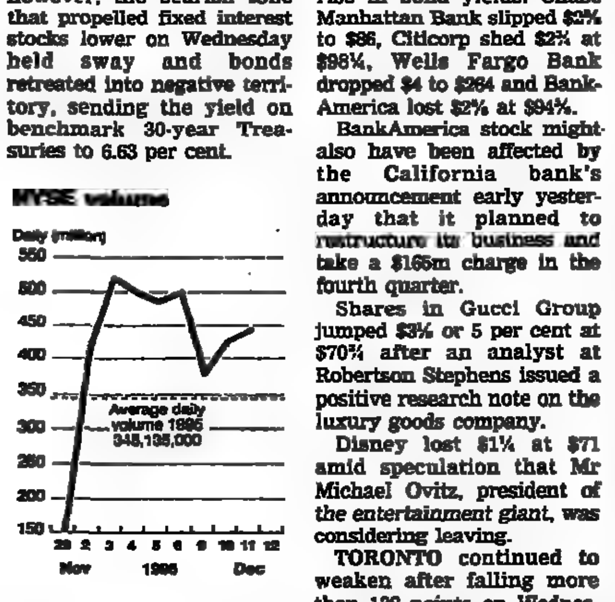
FINANCIAL TIMES Friday December 13 1996

Further bond market slide hurts Dow

AMERICAS

US shares slipped at midsession on the heels of the bond market, which began to slide in the early afternoon, *writes Lisa Bransten in New York.*

Major indices started the session stronger as economic data, showing no looming inflation threat, helped lift the bond market. By midday, however, the bearish tone that propelled fixed interest stocks lower on Wednesday held sway and bonds retreated into negative territory, sending the yield on benchmark 30-year Treasuries to 6.63 per cent.



At 1 pm the Dow Jones Industrial Average was 41.90 lower at 6,360.62 and the more broadly traded Standard & Poor's 500 gave up 5.04 at 735.69. Volume on the NYSE came to 273m shares.

Technology shares were also mostly lower but the Nasdaq composite, which is weighted toward that sector, got some support from its largest component, Intel. By early afternoon the Nasdaq was off just 1.06 or less than 0.1 per cent at 1,308.06, while the Pacific Stock Exchange technology index lost 0.4 per cent.

Smaller capitalisation shares continued to outperform blue chips on the Dow and S & P yesterday with the Russell 2000 index of small-cap stocks gaining 0.23 at 357.93. Smaller companies have hardly participated in the market's strong run since August, but have begun to catch up in recent sessions.

Intel added another $2¼ to the $7⅞ they rose on Wednesday, bringing the shares to $139¼. Meanwhile, Microsoft lost $⅝ at $83½.

Interest-rate sensitive banks lost ground amid the rise in bond yields. Chase Manhattan Bank slipped $2⅝ to $86, Citicorp shed $2⅞ at $98¼, Wells Fargo Bank dropped $4 to $264 and BankAmerica lost $2⅝ at $94⅞.

BankAmerica stock might also have been affected by the California bank's announcement early yesterday that it planned to restructure its business and take a $165m charge in the fourth quarter.

Shares in Gucci Group jumped $3⅜ or 5 per cent at $70⅞ after an analyst at Robertson Stephens issued a positive research note on the luxury goods company.

Disney lost $1¼ at $71 amid speculation that Mr Michael Ovitz, president of *the entertainment giant*, was considering leaving.

TORONTO continued to weaken after falling more than 138 points on Wednesday. But dealers described trading during the morning session as light. At noon, the 300 composite index was off 26.81 at 5,754.88.

Among sectors, conglomerates and financial services suffered the heaviest losses, slipping 1.9 per cent and 1.3 per cent respectively.

Royal Bank of Canada retreated 65 cents to C$47.10 and Toronto-Dominion Bank 40 cents to C$33.00. At C$34.25, Canadian Pacific was 75 cents lower. Among golds, Barrick Gold gained 95 cents to C$39.45.

Alcan Aluminium put on a defensive display while Moore Corporation showed its resilient side. The former came off 5 cents to C$46.60. Moore added 20 cents to C$27.30.

Caracas jumps 2.7%

CARACAS shook itself out of its pre-Christmas torpor to put in an unexpectedly strong showing, and by midsession the IBC index was 160.65 or 2.7 per cent higher at 6,118.52. The rebound came as Electricidad de Caracas, weak on Wednesday, picked up 13.30 bolivars to 516.05 bolivars.

BUENOS AIRES put in a steadier morning after Wednesday's 3.7 per cent fall and, by midsession, the Merval index had eased 4.21 to 604.77.

SANTIAGO edged lower, with attention turned to Cruz Blanca on worries that the group was finding difficulty in selling its insurance subsidiary. The IPSA index eased 0.16 to 90.69.

SAO PAULO edged ahead as Wednesday's 2.6 per cent fall brought out the bargain hunters. By midsession, the Bovespa index was 195 higher at 66,973.

Currency worries in Joburg

Share prices in Johannesburg streamed steadily lower on a broad front, as a result of currency worries which flared back out into the open.

At the close of the session, the rand was 8 cents lower against the dollar and stock market sentiment was severely undermined. The overall share index was off 32.1 at 6,607.0.

Industrials again did most of the damage, sliding 37.1 to 7,814.7 and helping to push turnover up to record levels. Gold shares eased 8.9 to 1,533.2.

Traders said that turnover was boosted to R1.07bn – topping the R999.7m peak set in April – by a big overnight asset swap. Among individual stocks, Sasol came off R1.50 to R56.35 and Gold Fields lost R8.50 to R130.

Thomson-CSF excitement enlivens Paris

EUROPE

A wobbly morning on Wall Street was reflected in Europe. However, **PARIS** investors reacted to the news that the government was to invite bids for its controlling stake in Thomson-CSF by pushing the shares up almost 4 per cent.

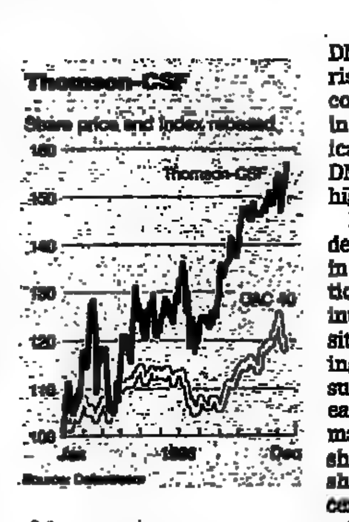
The stock, which touched an intraday best of FFr173.50, closed FFr6.00 higher at FFr172 in volume of 333,000 shares.

Buoyed by takeover speculation, CSF had produced one of the Paris bourse's stronger runs this year. It was trading at around FFr100 in January. Brokers' immediate take-out target prices seemed to range between FFr180 and FFr220.

Alcatel Alsthom and Lagardère, both of which took part in the earlier, aborted auction of the Thomson group as a whole, gained ground. The former added 90 centimes at FFr425.40 and Lagardère FFr1.80 at FFr150.50.

Pernod Ricard was the day's least liked CAC stock, sliding FFr8.60 or 3.1 per cent to FFr268.90 on US tariff moves.

Among retailers, Promodes dipped FFr6 to FFr1,386 as talk of a bid for Casino gained ground. Casino added FFr8.50 to FFr244.5 for a two-day gain of 6 per cent.



At the close of the session, the CAC 40 was 1.17 lower at 2,212.11. News of the big deal between Bouygues, off FFr10 at FFr546, and a slightly harder Saint-Gobain came well after market hours. If nothing else, the link was expected to refocus investor attention on the potential for French corporate activity.

FRANKFURT's Dax index topped 2,860 before closing 10.58 higher at 2,846.94 as turnover eased again, from DM10.4bn to DM9.5bn.

The bourse was fearful in some areas, and emphatically bullish in others. The contrast was exemplified by another fall in Kardstadt, Germany's biggest department store retailer, down DM15 at a new 1996 low of DM498, and by yet another rise in Hoechst, the most consistently favoured stock in a high performance chemicals sector. Hoechst was DM2.17 better at a new 1996 high of DM73.05.

Kardstadt had been depressed by the downtrend in German retail consumption, and the long haul in integrating the Hertie acquisition, expected to hurt earnings for the third year in succession. It had a feeble, early attempt at a pre-Christmas rally, but this was cut short: by last night, the shares had fallen 14.5 per cent since November 8.

Over the same period, Hoechst had climbed another 19.9 per cent. This week, which took in a cross-border, speciality chemicals merger and the acquisition of the Roussel Uclaf minority, saw the shares 9 per cent higher in just four days.

AMSTERDAM saw further heavy action in Philips which recovered much of Wednesday's setback, thanks to revived disposal talk.

Philips rose Fl 1.20 to Fl 67.40 in 3.3m shares after it confirmed that a cable TV disposal was one of a number of options under discussion. Royal Dutch also rallied, improving Fl 4.90 to Fl 287.90. Nedlloyd, a weak market lately, jumped Fl 1.20 to Fl 45.90.

The AEX index ended the session 0.85 firmer at 611.41.

ZURICH edged higher but in cautious trade, with investors still concerned about developments in global markets. The SMI index finished 2.4 ahead at 3,860.0.

Activity was again seen in Elektrowatt, the industrial and utility group, on speculation that CS Holding had set December 16 as the deadline for offers for its 44.9 per cent stake. Elektrowatt firmed SFr11 to SFr518 and CS Holding was SFr1.75 higher at SFr135.75.

Clariant saw some early profit-taking after the 27.7 per cent surge of the previous two sessions, which followed news of the merger with Hoechst's speciality chemicals operations. The shares pulled back to SFr552 before erasing the loss in subsequent trade, to close flat at SFr572.

MILAN was driven by external factors, moving lower as Wall Street retreated and depressed by profit-taking in the debt market. The Comit index lost 2.27 to 640.82 while the real-time Mibtel index was 66 weaker at *10,610.*

Fiat gave up L44 to L4,269 as the group said that it planned to trim production in January by 10,300 vehicles with temporary layoffs.

Mediaset, the TV and advertising group, fell L67 to L7,000 after an accord between the centre right opposition and the centre left ruling coalition over extending TV broadcasting licences broke down, following protests from RAI, the state broadcaster.

STOCKHOLM was weakened for much of the day by preliminary figures for Norscan pulp inventories, which showed an increase of more than 185,000 tonnes from October to November. The forestry sector fell 1.9 per cent.

However, the broad market was rescued by the Handelsbanken bid for Stadshypotek, the mortgage bank. The two shares rose by SKr7.50 to SKr196, and SKr6 to SKr188 respectively, the banking sector by 3 per cent and the Affärsvärlden General index by a token 3.7 to 2,315.1. Skandia, the insurance group which had lodged an earlier, and politically unpopular bid for Stadshypotek, rose SKr4 to SKr190.

VIENNA saw a similar situation among its financials but the banks were much less excited, and there was a *distinct* contrast in its treatment of the insurer.

Bank Austria came into the long-running Creditanstalt situation as a bidder, and the duo rose by Sch5 to Sch807, and Sch3 to Sch523 respectively. However, this triggered a drop of Sch280 or 8.2 per cent to Sch3,120 in EA-Generali, the insurance group which had led a bidding consortium since May, 1994. The Bank Austria bid was seen to threaten lucrative insurance business which EA enjoyed jointly with Creditanstalt.

BUDAPEST surfed on a rising equity trend in the European mid-afternoon and the Bux index, 15.73 better at 3,813.76, registered another all-time high.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices — THE EUROPEAN SERIES

Dec 12 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1854.32	1854.59	1854.70	1853.82	1853.37	1854.83	1856.19	1855.88
FTSE Eurotrack 200	1896.05	1896.11	1896.25	1897.48	1898.28	1898.94	1902.50	1900.22

	Dec 11	Dec 10	Dec 9	Dec 6	Dec 5
FTSE Eurotrack 100	1854.05	1877.85	1869.86	1847.18	1863.77
FTSE Eurotrack 200	1896.59	1919.80	1907.05	1890.74	1925.78

Base value 1000 (26/10/90); Highday: 100 - 1857.26; 200 - 1903.04 Lowday: 100 - 1853.07 200 - 1894.94. † Partial.
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Shenzhen crackdown accelerates B share fall

ASIA PACIFIC

China's hard currency B shares took a tumble as securities authorities in **SHENZHEN** launched a crackdown on mainland Chinese buying the shares, which were originally targeted at foreign investors.

Shenzhen's B index fell 11.23 or 6 per cent to 175.22 after hitting an intra-session low of 171.07. Turnover fell to HK$395.3m from Wednesday's HK$509.8m.

Of 43 Shenzhen-listed B shares, 41 fell and only two rose.

Brokers said that, on orders from the securities authorities, securities firms in Shenzhen had stopped accepting B share trading account applications from domestic investors, unless they used funds from outside mainland China.

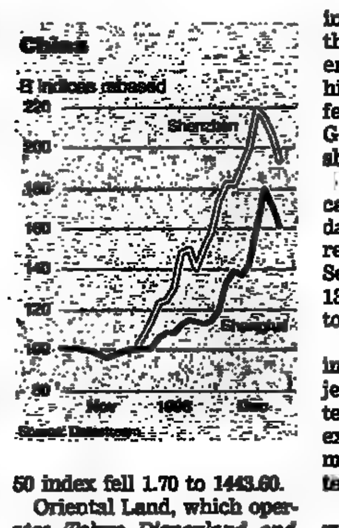
The crackdown triggered worries that the **SHANGHAI** authorities would follow suit, and its B index tumbled 5.127 points or 6.4 per cent to 75.558. Both indices had soared in recent weeks on heavy buying by mainland Chinese investors.

TOKYO was weak on Wall Street's Wednesday sell off, and cautious ahead of today's December futures and options settlement, *writes Our Markets Staff.*

The Nikkei 225 average closed 67.18 lower at 20,501.20, just below its day's high of 20,504.49 and after a low of 20,321.32. Brokers said that short covering ahead of the settlement was responsible for the intra-day recovery.

Turnover fell from 321m shares to 291m, declines leading advances by 764 to 296 with 181 unchanged. The broader Topix index outpaced the Nikkei on the downside, falling 12.47 or 0.8 per cent to 1,512.43, and the Nikkei 300 lost 2.62 or 0.9 per cent at 286.08.

In London, the ISE/Nikkei 50 index fell 1.70 to 1443.60.



Oriental Land, which operates Tokyo Disneyland and which made its market debut on Wednesday, fell on profit-taking, closing Y290 lower at Y8,510. Oriental's main shareholder, Keisei Electric Railway, fell for the second day in succession, losing Y34 at Y826.

News that Yaohan Japan, the supermarket chain, was seeking to raise supplier credit from one month to two left its shares at Y441, down Y100 or 18.5 per cent, with the biggest percentage loss on the first section.

Meanwhile a consumer lender, Takefuji, rose for the fourth consecutive day on the over-the-counter market, gaining Y320 at Y9,030.

In Osaka, the OSE average fell 189.20 to 20,698.37.

SEOUL dropped to another three year low, dragged down by heavy, derivatives-linked selling by institutions towards the close, and the composite index finished 15.30 or 2.2 per cent down at 689.38.

BOMBAY turned back after Wednesday's 5.1 per cent rise as the rebound drew in sellers, in the absence of news to push the market higher. The BSE-30 index finished 61.10 or 2.1 per cent lower at 2880.26.

Cement stocks were lower, in spite of figures showing that production and deliveries in November were higher than in October. ACC fell Rs39.50 to Rs1,000 and Gujarat Ambuja Cement shed Rs6.50 to Rs221.50.

HONG KONG was weak as cautious investors consolidated some of the gains of recent months. The Hang Seng index was quoted down 136.32 at 13,053.28 after touching a low of 12,960.81.

The Hang Seng and other indices, however, were subject to verification after a technical malfunction of the exchange's automatic order matching and execution system.

The finance sector was the worst performing, followed by the commercial and industrial sector.

JAKARTA edged higher with good demand for Telkom helping the composite index to a gain of 1.33 to 627.90. Declines led advances by 61 to 47, but Telkom, the telecommunications heavyweight, improved Rp125 to Rp3,975 in 6.6m shares.

"Telkom has kept the index above water on a day of steady profit-taking", said one broker. Bank Negara Indonesia fell Rp25 to Rp1,325 and Bank Umum Servitia dipped Rp25 to Rp1,100.

TAIPEI ended a roller-coaster session slightly higher. The weighted index, which swung within a 56-point range during the session, finished 22.88 ahead at 6,825.62. Turnover was T$43bn. Formosa Chemical Fibres gained T$1.60 or 3.85 per cent to T$43.20 and Formosa Plastics put on T$2.50 to T$70. Nan Ya, another key Formosa member, rose T$2 to T$65.50.

BANGKOK closed lower in thin trade of Bt2.4bn. The SET index fell 13.61 or 1.54 per cent to 872.25. Krung Thai Bank was the most actively traded stock, slipping Bt1.50 to Bt63. Dhana Siam Finance and Securities retreated Bt1 to Bt56.50.

MANILA succumbed to the overnight setback on Wall Street, slipping 31.65 or 1 per cent to 3,129.11. Disappointing results from Digitel Telecommunications Philippines left the shares trailing by 14 centavos at 2.06 pesos.

SYDNEY moved lower with banks stocks continuing to react negatively to Wednesday's interest rate cut. The All Ordinaries index dipped 19.7 to 2,339.6.

The bank index fell 1.6 per cent after a round of profit-taking. NAB fell 25 cents to A$14.83 and ANZ 13 cents to A$7.13. Westpac came off 12 cents to A$7.13.

WELLINGTON turned easier as investors awaited further political developments. The composite index closed off 15.01 at 2,362.52. NZ Telecom shaded 1 cent to NZ$7.37.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	WEDNESDAY DECEMBER 11 1996 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY DECEMBER 10 1996 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 52 week High	52 week Low	Year ago (approx)
Australia (77)	214.67	-1.5	192.23	153.15	172.00	180.22	-0.3	4.23	217.92	195.59	156.13	176.04	180.80	224.61	187.58	187.85
Austria (24)	186.44	0.8	166.95	132.99	149.38	149.31	-0.2	1.91	185.37	166.35	132.81	149.76	149.68	195.04	168.36	173.86
Belgium (27)	224.60	0.1	201.12	160.21	179.96	176.03	-0.7	3.79	224.26	201.31	160.69	181.19	177.21	229.11	203.56	205.56
Brazil (28)	180.57	-2.3	161.70	128.81	144.68	344.71	-2.2	1.78	184.78	165.85	132.39	149.27	352.39	189.70	131.21	138.81
Canada (116)	186.04	-2.9	166.60	132.71	149.07	183.58	-2.4	1.97	191.51	171.89	137.21	154.71	188.16	195.24	144.35	147.60
Denmark (30)	339.01	-0.2	303.57	241.83	271.63	272.17	-0.9	1.69	339.56	304.76	243.27	274.30	274.66	340.41	281.10	284.31
Finland (24)	239.99	-1.7	214.91	171.20	192.30	222.42	-2.4	2.16	244.11	219.10	174.89	197.20	228.15	244.11	171.73	213.14
France (93)	204.88	-0.8	183.47	146.15	164.16	167.69	-1.5	2.91	206.42	186.28	147.90	166.76	170.19	212.49	171.39	174.46
Germany (59)	187.15	-0.9	167.59	133.50	149.95	149.95	-1.7	1.81	188.79	169.45	135.26	152.51	152.51	189.99	161.26	162.49
Hong Kong (59)	501.34	-1.1	448.94	357.62	401.70	497.80	-1.1	3.13	506.73	454.82	363.06	409.36	503.06	513.18	372.58	377.35
Indonesia (27)	224.02	0.3	200.60	159.80	179.49	323.23	0.3	1.60	223.25	200.38	159.95	180.35	322.12	-	-	-
Ireland (16)	313.72	-0.7	280.93	223.79	251.37	266.25	-0.9	3.44	315.86	283.52	226.32	255.18	268.79	321.14	250.17	252.46
Italy (58)	79.88	-0.7	71.53	56.98	64.00	90.98	-1.1	2.26	80.44	72.20	57.63	64.98	92.03	84.53	69.68	68.83
Japan (480)	137.02	-0.8	122.69	97.74	109.78	97.74	-1.3	0.79	138.19	124.03	99.01	111.63	99.01	164.68	138.54	152.73
Malaysia (107)	592.46	-0.5	530.54	422.63	474.71	575.30	-0.6	1.08	595.59	534.58	426.72	481.15	578.82	607.65	475.66	475.86
Mexico (27)	1171.34	-2.1	1048.91	835.56	938.53	10112.23	-1.8	1.09	1195.66	1074.34	857.51	966.88	10298.52	1325.65	936.49	961.32
Netherland (18)	315.66	-0.8	282.69	225.19	252.94	249.10	-1.7	2.97	318.40	285.78	228.12	257.22	253.31	328.12	265.24	266.62
New Zealand (15)	91.52	0.2	81.96	65.29	73.33	89.92	0.7	3.95	91.36	81.99	65.45	73.80	89.35	94.40	75.94	78.01
Norway (35)	282.69	-1.2	253.14	201.65	226.51	247.12	-1.9	2.04	286.15	256.84	205.02	231.17	251.83	286.15	222.24	227.27
Philippines (22)	204.27	1.5	182.92	145.71	163.67	267.62	1.5	0.82	201.25	180.63	144.19	162.58	263.67	-	-	-
Singapore (43)	418.50	0.2	374.75	298.53	335.32	269.82	0.2	1.00	417.54	374.77	299.15	337.31	269.38	465.21	371.28	388.55
South Africa (44)	318.77	-0.3	285.45	227.39	255.42	325.46	-0.7	2.42	319.83	287.07	229.15	258.38	327.72	437.78	314.20	389.77
Spain (37)	200.71	-0.8	179.73	143.17	160.82	197.23	-1.5	3.04	202.22	181.51	144.89	163.37	200.22	202.22	158.03	158.97
Sweden (48)	409.22	-1.3	366.45	291.91	327.89	411.44	-1.8	2.07	414.58	372.07	297.00	334.86	419.15	416.87	294.19	305.03
Switzerland (37)	239.04	0.3	214.05	170.51	191.53	194.58	-0.8	1.52	238.41	213.98	170.81	192.60	196.06	254.54	219.28	228.52
Thailand (45)	109.20	0.5	97.79	77.90	87.50	108.30	0.3	3.17	108.83	97.68	77.98	87.92	108.01	193.95	107.38	164.66
United Kingdom (213)	265.09	-1.1	237.38	189.10	212.40	237.38	-1.3	4.00	267.92	240.47	191.95	216.44	240.47	273.55	222.43	225.02
USA (623)	301.58	-0.9	270.06	215.13	241.64	301.58	-0.9	1.99	304.36	273.18	218.07	245.88	304.36	307.82	243.34	252.98
Americas (794)	276.46	-1.0	248.67	196.49	220.71	231.73	-1.0	1.88	278.33	249.82	199.42	224.85	234.09	281.50	222.53	230.25
Europe (720)	229.01	-0.8	205.08	163.36	183.50	197.47	-1.4	2.93	230.84	207.19	165.39	186.48	200.18	234.56	194.31	196.29
Nordic (137)	351.38	-1.2	314.66	250.66	281.55	308.22	-1.8	2.02	355.51	319.09	254.71	287.20	313.81	355.51	261.13	276.00
Pacific Basin (875)	155.02	-0.8	138.82	110.58	124.21	111.83	-1.1	1.26	156.33	140.31	112.00	126.29	113.07	177.01	153.98	162.65
Euro-Pacific (1595)	185.74	-0.8	166.33	132.50	148.82	144.13	-1.2	2.12	187.26	168.08	134.17	151.28	145.92	191.51	175.04	176.56
North America (739)	294.59	-1.0	263.80	210.14	236.04	293.80	-1.0	1.99	297.60	267.12	213.22	240.42	296.74	301.15	237.55	246.36
Europe Ex. UK (507)	204.72	-0.6	183.33	146.04	164.03	172.91	-1.4	2.31	206.08	184.93	147.62	166.45	175.37	209.70	174.81	176.44
Pacific Ex. Japan (395)	310.73	-0.8	278.25	221.65	248.97	266.29	-0.5	2.78	313.26	281.17	224.44	253.07	269.57	317.82	257.61	256.68
World Ex. US (1810)	187.64	-0.9	168.03	133.86	150.35	149.33	-1.3	2.11	189.36	169.96	135.68	152.98	151.28	193.47	176.04	177.80
World Ex. UK (2220)	219.53	-0.9	196.59	156.60	175.90	188.52	-1.1	1.85	221.52	198.88	158.72	178.96	190.63	224.99	196.13	198.32
World Ex. Japan (1953)	268.90	-0.9	240.80	191.82	215.46	253.68	-1.1	2.36	271.43	243.62	194.47	219.27	256.46	274.88	224.52	227.75
The World Index (2433)	223.45	-0.9	200.10	159.40	179.04	193.05	-1.1	2.06	225.51	202.41	161.57	182.18	195.24	228.97	198.47	200.70

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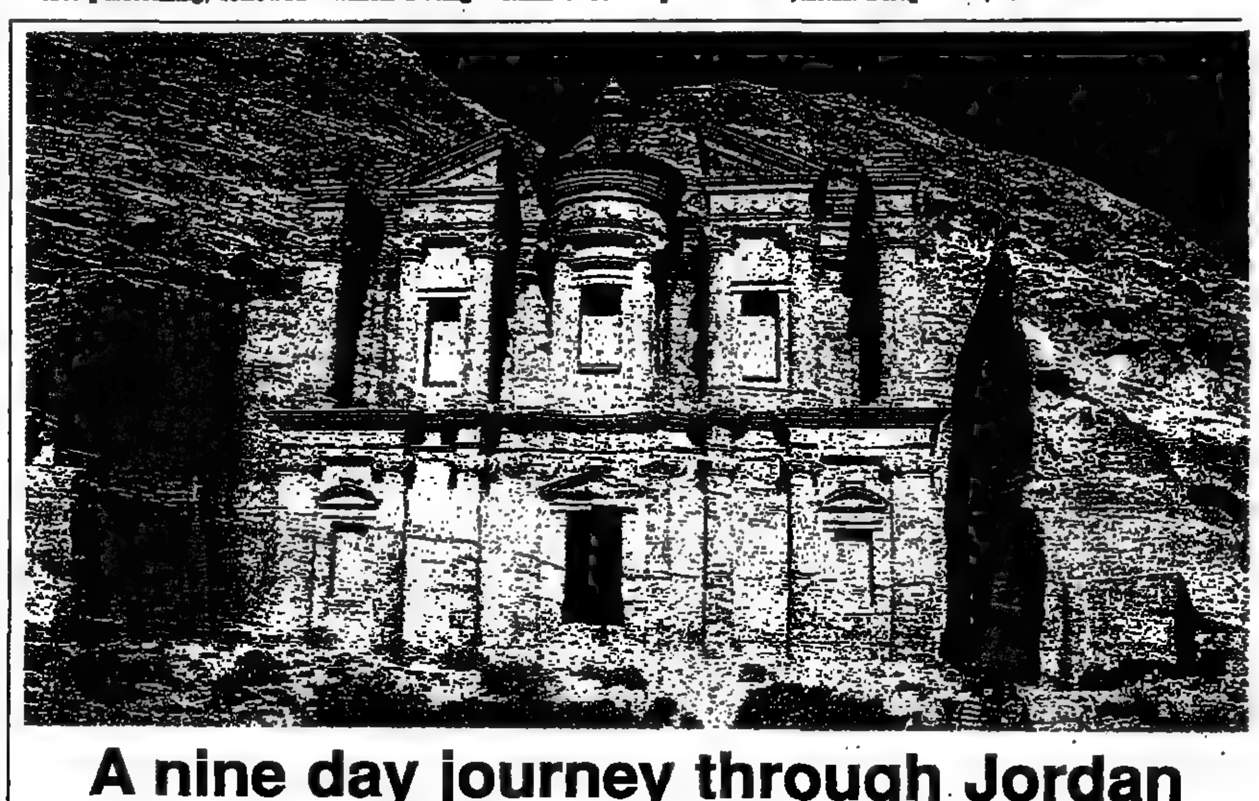
CONSTITUENT CHANGE WITH EFFECT 16/12/96: Share weighting change: Telekomunikasi Indonesia (20% to 23.15% weighting) (Indonesia). Latest prices were unavailable for this edition.



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Continental European workers are more flexible than is often supposed, says **Robert Taylor**

The debunking of a caricature

There is a view widely held – certainly in the UK and the US – that unemployment in continental European countries is largely a function of overly regulated labour markets.

Enthusiasts of the UK's supposedly more deregulated model claim its flexibility has been much more successful in creating jobs than the more structured and legalistic employment practices of its European competitors. Such practices are seen as a severe obstacle to employment growth and an important reason why these countries suffer from much higher unemployment than the UK.

But is this an accurate portrayal? Papers prepared for a conference in Ottawa last week suggest the labour markets of some continental European countries such as the Netherlands, Sweden, Denmark and Finland enjoy a much larger degree of employment flexibility than is often supposed. The conference was staged by the Organisation for Economic Co-operation and Development and the Canadian government to discuss ways to change workplace strategies.

Surprisingly, Germany – often seen as one of Europe's least flexible labour markets – is in fact much more flexible than the popular image suggests. An impressive study carried out by the Institute for Employment Research in Nuremberg* has shown just how wide a use of flexible employees there is in Germany.

It found so-called "peripheral" staff (defined as those working on fixed-term contracts, staff on temporary contracts or sub-contract workers) accounted on average for 9 per cent of an enterprise's workforce – and that proportion appears to be increasing.

The study says that business policies and staff planning were found to take account of strategies to increase flexibility. It estimates 3.5m staff are working only a few hours a week.

The report also found a growing use of part-time employment across western Germany in as many as three-quarters of companies that employ more than 200 workers. It has become "a normal phenomenon rather than the atypical employment it used to be", says the report.

Companies were also found to be using a wide range of working-time patterns. As many as 53 per cent of German employees were working overtime, while just over a third stagger their working hours and 35 per cent work at weekends. It is far from the picture widely held in the UK and the US that German employees are fixated by a five-day, 35-hour working week.

The German study also found considerable flexibility in the way work is organised, with a wide use of new workplace strategies such as team-working, just-in-time production and delegation of decision-making to workers. These methods are evident in 57 per cent of companies employing between 50 and 499 workers and 81 per cent of larger companies. Even 21 per cent of small employers in the survey said they used such new methods.

Nor does the German evidence suggest companies are hindered – by either over-rigid law or cumbersome bureaucracy – from implementing redundancy plans, recruiting staff or reshaping existing work practices. Between 1982 and 1994 in western Germany, more than 16m additional jobs were created with 6.3 per cent of them in the production sector. Some 15.2m jobs were lost. Annual employment turnover is running at about 11 per cent and rising in spite of the recession.

Part-time employment in western Germany accounts for 28 per cent of all people in jobs last year. The number of German workers on flexible hours rose to 83 per cent in 1995 from 77 per cent in 1993. Such figures suggest the German regulated labour market is a good deal more flexible in practice than its Anglo-American critics realise.

Further evidence of the flexibility of mainland Europe can be gleaned from the recently published annual employment report by the European Commission. This found employers across the European Union (except in Portugal) were recruiting more part-time than full-time workers. The increase in part-time employment was particularly noticeable in the UK, France, Ireland and Finland.

The highest proportion of part-time workers is in the Netherlands, where over 9 per cent of prime working-age men are now employed part-time. The report also found the increase in the use of temporary employment had been "common to most member states".

A study published last week by the UK's National Institute of Economic and Social Research also suggests that recruitment strategies aimed at increasing the proportion of non-standard or atypical workers in the labour force are increasing across Europe.

It found the share of part-time employment in the total employment growth rate rose by 0.4 per cent in the UK during the early 1990s compared with 1 per cent in France, 0.7 per cent in Germany and 0.6 per cent in Italy.

At the same time temporary employment has risen sharply in recent years in Germany and France where it now accounts for over 10 per cent of all jobs compared with the much lower figure of 6.3 per cent in the UK.

As Mr Padraig Flynn, the EU's social affairs commissioner, recently pointed out, the overriding objective of all European countries is to create "a highly skilled, flexible workforce" for the next century and this involves "equipping and deploying correctly the productive potential of the whole workforce".

Crude point-scoring about which European country enjoys the most flexible approach to job recruitment should not divert attention from the similarity of employment trends. Countries may have varied public policy approaches to the labour market, but they share much more in common than most are willing to admit.

**Patterns of enterprise flexibility in Germany, from the Institute for Employment Research, Federal Employment Institute (Bundesanstalt für Arbeit) Regensburgerstr. 104, 90327 Nuremberg*

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- To formulate policy in relation to statutes and rules governing listed companies, including listing rules, corporate disclosure requirements and codes of conduct for listed companies, corporate advisers, etc.
- To supervise day-to-day operations and participate in general policy formation of the Division.
- To review and monitor performance of the Listing Division of Stock Exchange of Hong Kong (SEHK) with a view to ensuring that it is performing its functions diligently and effectively and to consider changes to the SEHK Listing Rules.
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- Substantial experiences as a senior staff in a merchant bank, professional law or accounting firm, or relevant regulatory body.
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The Department is well supported by its own credit and treasury dealer units.

To fill this role effectively, you must be of graduate calibre with solid banking experience gained with an International market player. Candidates with corporate banking and capital markets backgrounds, in particular former product specialists looking to take on a broader role, will be welcomed.

Personality and presentation are key to your ability to establish and enhance client relationships, together with the intellectual agility to put ideas into practice. You must demonstrate a confident communication style, the drive and motivation to grow the business, together with necessary PC and credit skills. Japanese and/or other Asian language skills would be a distinct advantage.

If you would like to discuss a long term career with our Client, please write, in confidence, with full career and salary details to Gemma Jenkin, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote ref: 61732.

LONDON BELFAST BIRMINGHAM BRISTOL CARDIFF EDINBURGH **MSL** GLASGOW LEEDS MANCHESTER NEWCASTLE NOTTINGHAM

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BANK TREASURER - PRAGUE

Our client, a long-established and highly successful Czech merchant bank is looking to recruit a Treasurer from the international market at Managing Director level to take responsibility for managing and developing its treasury operations in the rapidly expanding Czech financial market.

The Position:

- Supervision and control of the bank's treasury operations.
- Management responsibility overall for a team of between 15 and 20 people. Direct responsibility for the Chief Dealer, who is in charge of the bank's FX and debt market operations, and for the Head of Equities, who is in charge of equities sales and trading.
- Advisory role to the Bank's Management Committee with regard to currency, interest rate and liquidity risk management matters.
- Product development and subsequent implementation (including support systems) responsibilities.

The Candidate:

- Minimum of three to five years' prior experience in international treasury management.
- Knowledgeable in all aspects of asset/liability management.
- Previous front-line trading and/or sales experience in one or more of the following product areas: FX, money market instruments, treasury bills and bonds.
- Whilst no previous involvement in the Central European markets nor a knowledge of Czech are necessary, the chosen candidate will be an innovative self-starter with a genuine interest in relocating for the medium term to Prague.

The position provides both a highly competitive salary (plus car) together with significant bonus potential and an initial three year fixed term contract. Career prospects for the right individual within this internationally recognised Czech merchant bank are considerable.

Salt Chapman Associates

To apply, please telephone or write to Neil Salt, quoting ref: 2187
Salt Chapman Associates,
International Search and Selection,
41 Dover Street, London W1X 3RB.
Tel: 44-(0)171-493 1319. Fax: 44-(0)171-493 0835

Yamaha Motor Europe N.V. is the headquarters of Yamaha in Europe and is responsible for the European marketing of a wide range of products such as Motorcycles, Scooters, Marine & Water Vehicles and Power Products.

To support the expanding Scooter market, The Marketing Communications Division is looking to strengthen its team by employing a Marketing Communications professional (m/f) for the following position:

Communications Manager Scooters

Your function. You will be responsible for the development and implementation of the marketing communications strategy for our Scooter business and new products business in Europe. You will work with the Sales and Marketing Division, the Product Planning Division, Overseas Factories and European Distributors. Responsibilities will include the production of all advertising materials (brochures, interactive media, posters, photography, etc.) as well as the development of the POS shop design and branding materials programmes.

A key element of the job will be the supervision and coordination of the various supporting agencies, as well as control of budgets.

Your profile. You will be a communications professional and have been educated to at least University level (or equivalent) and have had several years experience in the marketing of consumer durables, or on the agency side working on leisure, transport and/or sports related accounts.

You will be a dynamic self-starter who possesses both an open and creative mind as well as real practical skills. You will also have the desire and ability to work in a multi-cultural and international environment.

In addition you will either possess some affinity to Scooter products, or will have a very keen interest to learn and become involved in this young leisure and transport world.

The successful candidate will feel comfortable communicating at every level, from project staff to senior management and will also be prepared to travel frequently, primarily throughout Europe. Finally, you will need to have fluent command of the English language and a good working knowledge of both French and Italian.
Your age will preferably be between 28 to 35 years old.

What we offer. Yamaha Motor Europe offers you the challenge to use your existing skills, to develop your experience and to realise your personal goals within a young dynamic and progressive international environment.

An attractive remunerations package awaits the right candidate. If you are interested in this position please write a letter of application enclosing your curriculum vitae (both in English) within 14 days to:

Yamaha Motor Europe N.V.
Attn. Mrs. R. van Dommelen
Human Resources Division
(MarCom/ad/Ft.12/96)
P.O. Box 75033
1117 ZN Schiphol
Fax 31-20-654-6888
e-mail to vandommelen@yamaha-motor.nl

YAMAHA

Manager – Human Resources

Dubai, UAE – Excellent Tax Free Package

We have been retained by a leading bank with headquarters in Dubai to recruit a Human Resources Manager whose responsibilities will include but not be limited to staffing, compensation and benefits, employee relations, training, development and staff administration.

The ideal candidate will be a UK graduate with at least 10 years relevant experience of which the latter part should have been in a senior role, preferably in a large financial organisation.

The candidate should be a hands-on HR professional, effective and capable of managing change. He should also be able to advise on performance management, career and succession planning and have excellent communication skills and drive.

Previous experience of working in the Middle East or abroad could be an advantage but is not essential.

The Bank offers a stable work environment and expatriate residents in the UAE enjoy a comfortable and convenient lifestyle.

In addition to a tax free salary, the generous package will include fully furnished accommodation, annual air passage, medical and other benefits.

For consideration please forward your resume, including current remuneration, to: Ernst & Young, Executive Recruitment Division, PO Box 9267, Dubai, United Arab Emirates quoting reference 96/25. Applications may be submitted by fax to Dubai 00 9714 314999. Only shortlisted candidates will be contacted.

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CHIEF EXECUTIVE OFFICER

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- Well established direct investment business with an outstanding track record over more than ten years of investing in private industrial/manufacturing companies in Europe. Portfolio exceeds DM500m.
- New CEO will be responsible for developing the business by diversifying and building the Company's investment and investor base, and raising a Private Equity Fund.
- He/she will provide leadership to the team, oversee current and prospective investments, plan successful exit strategies, serve on Investee Company Boards, as appropriate, and strengthen investor relations.
- Likely mid 30s to early 50s, extensive experience of investments in European private companies. European languages desirable.
- Investment track record and ideally experience of raising a Private Equity Fund, excellent analytical and management skills with good contacts across Europe. Alternatively, high calibre individual with a corporate development or advisory background.
- Highly motivated with strong negotiation skills, entrepreneurial and results oriented. Strong presence and excellent inter-personal skills. Innate ambition to succeed in expanding company.

Please apply in writing quoting reference 1299
with full career and salary details to:
Dee McCormick
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A Whitehead Mann Group PLC company

Project Finance Specialist

Southern Africa & other opportunities worldwide

(Initial 1-2 year contract)

CDC is a leading bilateral development finance institution. It provides investment and business support for nearly 370 enterprises in over 50 countries in the developing world. We have £1.5 billion in investments and are planning new, private sector, annual investments of over £250 million in the future.

We are seeking a project finance specialist to work within CDC or initially as a secondee to one of our partner banks in Southern Africa. Initially this position will be contracted for 1-2 years with the option to join CDC mainstream thereafter. Your tasks will be to appraise, structure and negotiate private/public partnerships and their financing in operational sectors such as water/sanitation, waste management, transportation, energy, telecommunications and IT.

In addition you will be required to assist in refining the institution's operational policies and procedures relating to non-recourse infrastructure project financings.

Other key tasks will involve you in transferring project financing skills to locally based personnel and in assessing and recommending CDC involvement in transactions.

You will need to be a true professional with well developed project finance skills. These should be reinforced by at least 5 years' experience in appraising, structuring and negotiating non-recourse project financings, preferably in developed countries. Excellent financial modelling skills are a prerequisite.

To apply please write with a full CV, enclosing details of current salary and quoting reference number 2616, to: **Marie Grealy, Human Resources Executive, Commonwealth Development Corporation, One Bessborough Gardens, London SW1V 2JQ. E-mail: dephr@cdc.co.uk**

CDC is an equal opportunities employer

CDC BRITAIN INVESTING IN DEVELOPMENT

THE EUROPEAN INVESTMENT FUND

The European Investment Fund is a financial institution of the European Union established in 1994 to provide loan guarantees and equity in support of small and medium-sized companies and large infrastructure projects (the trans-European networks). With its equity resources the Fund is looking to co-invest with other professional investors in soundly-managed venture capital funds throughout the European Union.

The European Investment Fund, based in Luxembourg, is currently seeking to recruit a (m/f)

senior professional equity

The person selected will help the Fund to identify, analyse and manage suitable investment opportunities. Applicants should be a national of one of the member states of the European Union and have at least five years experience of the venture capital industry as a manager and/or investor. An experience of different European venture capital markets is desirable and fluent English essential. Knowledge of other European languages would be an advantage.

The European Investment Fund offers an attractive salary package with terms and conditions for staff comparable to other European Union institutions. Interested persons are requested to send their curriculum vitae to the

Secretariat and General Administration, Ref.: EQTY - 12/96, European Investment Fund, 100, boulevard Konrad Adenauer, L-2950 LUXEMBOURG.

Please note that the Fund will not return applications.

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Make a real and substantial contribution to the future of the financial markets. Exciting opportunity to change career direction whilst capitalising on existing skills set.

THE COMPANY
- High profile institution at cutting edge of derivatives industry. Enviable market position and reputation.
- Fast-moving multicultural environment. Recognised product strengths backed by quality delivery.
- Strong stable team delivering innovative equity based products.

THE POSITION
- Identify, appraise and lead equity product development effort. Work closely with market professionals and team members.
- Influence strategic and operational development. Deliver tailored solutions to market needs.
- Hands-on demanding project-based role. Opportunity to make real contribution to futures market.

QUALIFICATIONS
- Proven track record in equities. Strong technical knowledge combined with good management skills.
- Entrepreneurial approach with excellent conceptual, strategic and project management skills.
- Energetic, resilient character able to lead and motivate. Team oriented, supportive, positive approach.

Please send full cv, stating salary, ref FS61101/R, to NBS, 10 Arthur Street, London EC4R 9AY

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For information on advertising in this section please call

Courtney Anderson on +44 0171 873 4153

Toby Finden-Crofts on +44 0171 873 3456

EMERGING MARKETS SEARCH & SELECTION

Risk Manager

Our client is an international banking group with a leading presence in the global emerging markets. They are seeking to recruit a highly pro-active individual to work in the London-based Trading Risk Management unit.

The role is to monitor and support the Fixed Income, Local Markets, Currency and Derivative traders. This will include analysing and monitoring the traders' exposure across a wide range of products including those covering the emerging markets. The risk manager will be responsible for analysing and approving special and structured products, working as part of a team at the heart of the trading floor.

As well as being able to demonstrate the ability to operate in this environment the successful candidate should have:

- A professional qualification with approx. five years experience gained within a Fixed Income Capital Markets trading environment, with prior emerging market product experience being an advantage.
- Excellent interpersonal skills with the ability to communicate effectively in written and oral form with other business areas as well as with the traders.
- Extensive PC (spreadsheet) skills and an affinity with front and back office systems.

[illegible]

ABN·AMRO HOARE GOVETT

EMERGING MARKETS INVESTMENT RESEARCH

ABN AMRO Hoare Govett is the securities and investment banking arm of ABN AMRO Bank, Europe's fifth largest bank. The ABN AMRO network comprises 1,700 branches in 68 countries with 65,000 employees worldwide. Securities operations are represented in 33 countries, with a growing presence in Asia, Latin America and Europe. The group now wishes to recruit analysts to work with the emerging markets research team at its head office in Amsterdam in three key product areas.

MACRO ECONOMIST

– CENTRAL & EASTERN EUROPE

The position will involve primary forecasting for the economies of Russia, the Visegrad bloc, and other countries of Central & Eastern Europe. The economist will be required to publish regular analyses and forecasts in the context of the team's fixed income and equity research. He or she will be able to present ideas effectively to senior institutional fund managers, as well as maintaining a regular internal dialogue with salespeople, traders and the corporate finance units of the group.

The ideal candidate will be a highly-qualified macro-economist with a good degree from one of the top universities. He or she will probably be a mother-tongue English speaker, and may have worked as an economist within the securities industry. The ability to relate original macro-economic research to the performance of the financial markets and the process of asset allocation will be essential. A first-hand knowledge of Central & Eastern Europe would be a significant advantage, but candidates who have gained their experience on the developed markets of Western Europe and are now seeking the challenge of covering Europe's fast-growing emerging markets will also be considered.

The successful candidate will be a highly articulate individual, who combines originality of thought with clear and decisive forecasting. Candidates are likely to be successful if they can demonstrate impressive intellectual abilities, an outgoing personality, being able to thrive in a deal-orientated and fast-moving environment.

EQUITY RESEARCH

– EMERGING EUROPE

Specific responsibilities will include research and marketing of shares quoted in the European emerging markets. The position will involve working with analysts based locally in Prague, Budapest and Warsaw, as well as contributing to the regular outflow of products covering the whole Central & Eastern European region. Tasks will include the presentation of investment ideas both orally and in written publications, organising data, as well as generating standard database and information reports.

The ideal candidate will be a graduate in his or her mid-twenties, with a financial or accounting qualification. He or she will be a mother-tongue English speaker, and will either have gained experience of the Central & Eastern European region through first-hand contact, or will have worked in the equity research field and be capable of adjusting quickly to a new market environment. The ability to think clearly and present ideas in a logical and structured fashion will be essential.

The successful candidate is likely to have first-class academic credentials, good presentational skills and a dynamic work ethic. This is an excellent opportunity for the right individual to join a young and growing team at a junior level with excellent prospects of rapid career advancement.

FIXED INCOME RESEARCH

– RUSSIA AND EMERGING EUROPE

A senior bond analyst is required to produce a consistent flow of investment ideas working with salespeople in Europe, the USA and Asia. The position requires a comprehensive understanding of Eurobonds, Brady bonds and Russian MinFin and Vneshcom debt, as well as other sovereign debt instruments issued by borrowers in Europe and the former Soviet republics. Tasks will include the analysis of historical price and spread data and the correlation with macro-economic and political risk, in order to produce a coherent strategy research product backed by timely and market-sensitive recommendations.

The ideal candidate will be highly numerate and capable of using advanced modelling techniques to evaluate specific instruments. The individual will eventually manage a small team which will cover the local currency T-bill markets of Eastern Europe and provide corporate Eurobond research. AAHG expects to be a market leader in new issues of emerging Europe, and the analyst will need to work closely with fixed income origination as well as ratings advisory when applicable.

The successful candidate will be an experienced bond market analyst. Such experience may have been gained on the developed markets, but candidates must be able to show their ability to transfer existing skills and knowledge to the European emerging markets. Candidates will have substantial experience of report writing and marketing to institutional investors. This is a senior position and pivotal role in a fast-growing division of the group's business.

For all three of the above positions, candidates should be prepared to re-locate to the Netherlands. A good deal of international travel in the Central and Eastern European region is envisaged. The remuneration package will be competitive, and full re-location benefits will be offered where applicable.

Please contact Nick Hudson in the strictest confidence.

Michelangelo

International Search and Selection, 2 Austin Friars, London EC2N 2HE Tel: 0171-972-0150. Fax: 0171-972-0151/2. Email: search@michelangelo.co.uk

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DIRECTOR OF INTERNATIONAL ADMINISTRATION/ CHIEF FINANCIAL OFFICER

Fast-growing American-owned creative company with international headquarters in Madrid, Spain, seeks organized, but flexible, Director of International Administration/Chief Financial Officer to:

- Manage international finance
- Open/close foreign offices
- Maintain import/export operations
- Manage general administrative functions

Position will report to President and will be based in Madrid, Spain with management responsibilities for operations in South Africa, South America, Australia and various European cities. Successful candidates will possess an MBA in Finance or Administration combined with 8+ years international experience. Candidates must have strong decision-making abilities, interpersonal skills and financial acumen. Fluent English essential, at least one other European language (especially Spanish), highly desirable. Position offers competitive compensation and incentives. This is a new position.

Respond in confidence to Box A5947, Financial Times, One Southwark Bridge, London SE1 9HL

TRADE FINANCE MANAGER, KIEV, US MULTINATIONAL, $NEGOTIABLE

BUSINESS BUILDER

Opportunity for a young, experienced trade & structured financier to build and manage the Ukrainian Financial Markets business of a diversified US multinational. With manufacturing & trading operations well established, responsibilities will include maximising the efficiency of in-house trade transactions, and leveraging off the substantial trade flows by offering trade finance services to Ukrainian suppliers. We want to talk to local ex-pat Ukrainians, other CIS nationals or westerners with Eastern Europe experience and (preferably) relevant language fluency. Ref: FT0641.

We're also looking for Fixed Income & Equity Traders, for this fast expanding business in Kiev

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Expanding Italian Company, active in the field of Civil and Industrial Corrosion Protection Systems in Italy and Abroad, is selecting professionals, for its CEE projects.

Trades under selection: Project Managers, Planners, Project Engineers, QA/QC Managers & Inspectors, Sampling Laboratory Technicians, Experts in Manufacturing of Asphalt Materials & Management of Batching/Mixing Plants and in particular actual expertise in Recipes for Gussasphalt. Selected Candidates will be contacted immediately upon receipt of Resumée, which will be faxed to 0039/2/2573549.

MASTERCARD INTERNATIONAL

(MEA Region)

VICE PRESIDENT & GENERAL MANAGER

Excellent remuneration package **DUBAI & SOUTH AFRICAN OFFICES**

MasterCard International is a significant global player in the dynamic payments and financial services industry. Its Middle East/Africa regional operation is actively involved in shaping the future of money in a wide range of developing markets.

Current expansion plans call for two Vice President/General Manager positions to run the sub-regional offices of Dubai and Johannesburg, reporting directly to the Paris-based Senior Vice President & Regional General Manager. They will be expected to develop the business of MasterCard in the sub-regions and provide member banks with highest quality of service and marketing expertise. Proven ability to operate sensitively in a multi-cultural environment of constant innovation is essential.

The Task

- Manage sub-regional office and lead staff.
- Achieve business growth and increase MasterCard's presence in the region.
- Deliver quality service to member banks.
- Develop and implement strategic marketing and operating plans.
- Set and manage team/member financial targets.

The Requirements

- Significant management and marketing experience in the financial services industry.
- Five year bankcard experience.
- Proven leadership skills.
- Superior interpersonal and communication skills.
- Experience in other functional areas such as: member relations, service quality, operations.
- Proven skills in strategic planning and analysis and organisation.
- Arabic would be an advantage for the Dubai position.

Please send current resume and application letter to Human Resources Department, MasterCard International, Tour Maine Montparnasse, 33, avenue du Maine, 75015 Paris or fax to 33-1 45 38 40 19.

Bond Sales/Trader International Opportunity

A rapidly growing brokerage house is seeking an experienced and aggressive trader for its Asian and European offices.

The successful applicant will be between 25-40 and have a strong background in selling/trading illiquid corporate bonds.

The ability to relocate to South-east Asia and a preparedness to travel within Europe regularly are key.

It is essential that the individual be capable of sourcing paper and have a proven record in retail or institutional sales.

An attractive and competitive package with a hard commission option is offered as well as an unusually challenging and rewarding business opportunity.

Reply in the first instance and in the strictest confidence by fax to

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INTERNATIONAL FINANCE & BANKING GRADUATE

required to join the Emerging Markets team of an established International Bank.

Fluency in Russian & English; Experience of banking and Eastern European markets essential.

Salary c 35k.

Write to:
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Head of Settlements

Private Client Stockbroker

CENTRAL LONDON **ATTRACTIVE PACKAGE**

Our client is a highly successful and rapidly expanding private client stockbroker. Continued development of the business has created the need to recruit a high calibre Head of Settlements with the ability and desire to lead the settlements function through further growth and to make a full contribution to the broader business at senior managerial level. The position will report to the Head of Finance.

The successful candidate will bring with them extensive experience - we envisage about 10 years settlement experience including several years of management. You must have a sound knowledge of Crest and have a record of utilising IT to improve business processes. Your technical skills and experience must be complemented by well developed personal qualities and a high level of motivation. Initiative and flair are encouraged, and you must be comfortable working in a young and innovative environment.

If you meet this description please send full personal and career details, including current remuneration, in confidence, to Tim Latham, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, stating any companies to which your details should not be forwarded, and quoting reference TL1229 on both envelope and letter.

Credit Professionals

City - based European focus **To £50k + Bonus + Banking Benefits**

Our client is one of the world's leading financial institutions whose impressive expansion plans will require the expert support of a number of experienced credit professionals, with different levels of experience to progress a wide variety of credit and risk transactions in the corporate and project finance sectors.

Candidates should be formally credit trained to advanced level and currently be employed as credit professionals/officers with a major bank.

You will be able to demonstrate a combination of:

- good project finance or corporate credit analysis skills,
- an ability to quickly establish your credibility with management and
- a high level of PC literacy and report writing skills.

Working closely with transactors and relationship managers in London and across Europe, you will assist with the structuring of transactions with the aim of mitigating credit risk. The aim of these positions is to examine and recommend for sanction a variety of project finance and corporate credit and risk transactions.

If you believe that you have the mix of skills and experience demanded by our client and would like to join a fast-growing credit team, please write to Brian Withers at Withers Wood Brigdale Limited, Kent House, Market Place, London W1N 7AJ with full cv and salary details, quoting reference 1111. Please indicate any organisations to which you would not like your details sent.

Our client will make direct contact with candidates whose cv's are forwarded to it.

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RECRUITMENT · ADVERTISING

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EUROPEAN MONETARY INSTITUTE

Vacancies in the Monetary, Economics and Statistics Department

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of the future European Central Bank (ECB). The EMI currently employs approximately 220 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The EMI is looking for candidates to fill a number of vacancies as soon as possible in the Monetary, Economics and Statistics Department. Positions will be on a fixed-term contract basis and candidates must be a national of a Member State of the European Union.

Positions and Qualifications

Economists in the Stage Two Division

The core function of the Division is to provide economic analyses promoting the EMI's objective of strengthening co-operation among national central banks and the co-ordination of monetary policies with the aim of ensuring and maintaining price stability, as well as monitoring convergence under the Maastricht Treaty. Successful candidates will contribute to the research, analysis, monitoring and reporting tasks of the Division.

Applicants should be experienced analysts of macroeconomic developments and should also be familiar with issues related to the examination of convergence. Skills in one or more of the following areas would be desirable: monetary policy, fiscal policy, analysis of price developments, bond markets, foreign exchange markets, analysis of real-economy developments, labour markets, banking/financial structure. Experience in analysing economic developments from a country perspective would be an asset.

Qualifications

- Advanced degree in economics with a sound academic, research and publication record in applied economics, as well as extensive experience in policy analysis.
- Command of English, and ability to present research findings and address policy issues in non-technical terms. Working knowledge of other European Union languages is desirable.

Ref. MES/02-03/97

Economists in the Stage Three Division

The core function of the Division is to do the background research and the preparatory work necessary to define the concepts, framework and rules for the Single Monetary Policy in Stage Three of EMU. Candidates should have expertise corresponding to at least one of the following three areas:

- Econometric techniques as applied to monetary policy and macroeconomics along with an understanding of the EMU process and the associated institutional changes to financial and other markets.
- Econometric techniques particularly as applied to money market behaviour in EU countries combined with practical experience in the day-to-day use of monetary policy instruments and procedures.
- International monetary relations including the relations of EU countries with emerging or developing economies as well as a knowledge of the functioning of international economic and monetary institutions.

Qualifications

- Advanced degree in economics with a sound academic, research and publication record in applied economics, as well as extensive experience in policy analysis.
- Command of English and an ability to present research findings and address policy issues in non-technical terms. Working knowledge of other European Union languages is desirable.
- Familiarity with modern office equipment.

Ref. MES/04-06/97

Economist-Statisticians in the Statistics Division

Successful candidates will help to prepare for the establishment of the ECB in the areas of money and banking and monetary statistics, balance of payments statistics, other statistics of interest to the EMI, and statistical infrastructure.

Qualifications

- University degree in economics, statistics or a related discipline.
- Work experience in at least one of the following fields of statistics: money, banking, balance of payments, financial accounts, public finance, costs and prices.
- Experience with PC-LAN based systems, preferably with the FAME time-series management system, with Windows and PC-based Windows applications, including spreadsheet (Excel), database (MS Access), graphic and econometric packages.
- Command of English. Working knowledge of other European Union languages is desirable.

Ref. MES/08/97

Statistical Analyst-Programmer in the Statistics Division

The successful candidate will be in charge of the maintenance and enhancement of the regular statistical applications of the Division, as well as the development of new applications and the provision of a help service to EMI users.

Qualifications

- University degree in economics, statistics or a related discipline, or alternatively, equivalent experience.
- Work experience in at least one of the following fields of statistics: money, banking, balance of payments, financial accounts, public finance, costs and prices.
- Experience in developing and managing both multi-dimensional and time-series statistical databases.
- Command of English. Working knowledge of other European Union languages is desirable.

Ref. MES/07/97

Research Analysts in the Economics Divisions

The main tasks to be performed are: creating, updating and checking databases of monetary and economic time-series data; producing tables and charts from statistical data; participation in the development and maintenance of software applications; and providing statistical support to the economists in their research projects. Candidates should also ideally be capable of assisting with the preparation of macroeconomic model simulations and familiar with techniques of econometric estimation. The environment includes spreadsheet (Excel), database (FAME and Access), graphic and econometric packages (notably RATS), and the NIGEM world macroeconomic model.

Qualifications

- Practical experience in several of the above-mentioned tasks. On the computer side, a knowledge of Windows and experience with the relevant Windows-based applications set out above is vital: programming skills will also be desirable for the positions. Familiarity with money and banking, balance of payments and national accounts statistics as well as with international data banks is also a prerequisite.
- Command of English. Working knowledge of other European Union languages is desirable.
- University degree in economics, statistics or related disciplines, or alternatively, equivalent experience.

Ref. MES/01/97

Applications should include a Curriculum Vitae and a recent photograph, references confirming the required experience and skills and, if possible, copies of (published or unpublished) papers or notes prepared by candidates. They should quote the appropriate reference number and should be addressed to the **European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt/Main** and should reach us no later than 31st December 1996. Applications will be treated in the strictest confidence and will not be returned.

Appointments Advertising

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has appointed **Robin Bishop** as sales and managing director.

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Alghanim INDUSTRIES

CAREER OPPORTUNITY IN KUWAIT

Alghanim Industries, the largest privately owned group of companies in Kuwait with interests in over 20 businesses, and a multinational workforce of approximately 3000 has an opening for:

Controller - Automotive Group

Reporting to the Corporate Controller, you will be responsible for internal control, financial accounting, improvement in working capital management and cost efficiency, business analysis, management information and planning support and efficient utilization of computer systems. You will also be responsible for profit maximization through effective cost control and by following up on the implementation of action plans in strategic areas aimed at achieving the group's objectives in automotive sales, service and rental businesses. A proven track record of achievements in these functions is a must. You should also be able to work in multi-national environment and handle multiple assignments. Excellent communication skills, and the ability to effectively deal with various levels of managements in the organization are essential.

You should be capable of promotion to the Corporate Controller position and have the ability to manage the finance control function of over 20 businesses in trading, manufacturing, contracting and services area.

You are a C.P.A, C.A. or Cost and Management Accountant, preferably complemented with an MBA, 35 to 40 years old with at least 10 years post qualification relevant financial experience in automotive sales, services, parts and car rental business.

We are offering a very competitive tax free expatriate salary and benefits which include performance related bonus, generous housing allowance, life and medical insurance, paid holidays, airfares and car allowance.

If you match the requirements for this challenging position, please fax or E-Mail your detailed CV, in confidence to:

Director of Human Resources
Fax No. (00965) 4847244, E-Mail: suhail@alghanim.com

Lloyds Bank International Private Banking

Portfolio Manager *Europe, Pacific*

Geneva-based **Competitive Package**

Investment Management Services (IMS) is the central investment unit of Lloyds Bank International Private Banking, which has its headquarters in Geneva. The unit is responsible for managing and advising private client assets and 32 investment funds. We seek to hire two additional portfolio managers to cover markets in Europe and the Pacific Region.

For these positions, candidates should be aged 30-40, university graduates in Economics or Business Administration, team players with minimum 5 years experience in fund management. English is our working language. Preference will be given to candidates with good track records in fund management and experience with the respective equity markets.

Applications should be addressed to:

LLOYDS BANK Plc
N. J. Simpson, Personnel Department
Case Postale 5145
1211 Geneva 11
Switzerland

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
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Fax No. 0171-256 8501

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Our client is a long established banking name in Germany, involved in the finance of property and specialising in property related products. They own an information technology systems house serving the social housing sector and similar markets, with a "state of the art" software system. Our client, and its parent company, are active in the leading European property markets and are in the process of developing their entire range of services throughout Europe. They seek a Customer Service Officer, who will form part of a small team in the London branch, which is located in the City. The successful applicant will be responsible for managing the collection of rents, supervising the customer advisory service on financial matters and will maintain a close liaison with Head Office. We invite applications from candidates with at least a 5-6 year background in banking as well as experience with Chaps, BACS, Bank Giro, Cheque Clearing and money markets transactions. Customer contact and presentations will require an enthusiastic and outgoing personality with good technical and interpersonal skills. Although the position is based in the UK, an initial training period of several months in Germany is part of the job. German language skills will be an advantage. **Applications in strict confidence under reference CA5934/FT to the Managing Director, CJA.**

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Head of European Finance

West London — To £55,000 +Car+Bens

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Following recent managerial changes, a need has been identified for a commercially minded Head of European Finance, to oversee the extensive European and Australian operations.

Reporting to the Chief Executive of the division, your responsibilities will include:

- Evaluation of business performance.
- Reviews of operating budgets.
- Active participation in the running of the business, including attendance at management meetings, ad hoc investigations into specific areas of operational performance and local financial recruitment.
- Due diligence for acquisitions.
- Post acquisition integration.
- Development and implementation of IT strategy.
- Critical review of capital expenditure plans.
- Maintenance of adequate controls over the businesses and provision of timely monthly and annual figures to the Group board.

This UK based role will involve a certain amount of travel, to include France and Germany, where language skills would obviously be useful.

The opportunity will appeal to a Chartered Accountant with significant industrial experience subsequent to qualification, ideally within a similar sector. Applicants should be excellent communicators, with the ability to generate, absorb and apply commercial ideas during this exciting phase for the business.

The rewards will include an executive remuneration package, including company car, bonus and other large Plc benefits.

Interested applicants should write, in the strictest confidence, to Nick Brown, ACA or David Craig, at Walker Hamill Executive Selection, forwarding a brief résumé quoting ref: NB 2686.

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Deputy Manager, Financial Control

The main responsibilities will be:

- To ensure the maintenance, to the highest standards, of the books of accounts, internal control systems, financial accounting and to maintain close co-ordination with the Corporation's international auditors
- To engage in the management accounting functions i.e. monitoring budgetary control, investment portfolio, cash flow plan, balance sheet and financial statements evaluation
- To ensure the security of the Corporation's assets
- To undertake the financial analysis and monitor the financial performance of projects financed by the Corporation
- To monitor the credit-worthiness and financial position of borrowers and the progress of loans
- To assist in the review of all project investment appraisals and treasury activities
- To prepare regular statistics, financial and accounting reports

The candidate should possess the following:

- Ideally aged 40-50
- B.Com. Accounting - from a recognized university
- Qualified CA's or CPA's with experience of not less than 15 years of which 5 years in a senior/managerial level of financial control within an international finance and investment environment
- PC literate, with operational knowledge of accounting software and mainframe financial accounting packages e.g. Kapiti Equation 3
- Ability to communicate and cooperate with highly qualified colleagues of different nationalities
- Fluency in English, both written and spoken. Fluency in Arabic would be a distinct advantage. Proficiency in the preparation of reports for top management and the board of directors is essential

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Applications in strictest confidence may be sent to.

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Financial Controller

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QUALIFICATIONS
- Qualified accountant with minimum 4 years' PQE; manufacturing sector.
- Commercial, astute and able to operate in multifunctional management team. Able quickly to achieve credibility across the business.
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Please send full cv, stating salary, ref LD61202 to NBS, Yorkshire House, Greek Street, Leeds LS1 5SX

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Please apply in writing quoting reference 1288
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- Aged mid 30s to mid 40s, a graduate and qualified accountant, currently in a senior finance role within an international manufacturing business operating sophisticated IT and finance systems.
- Must have credibility to operate at Board level in this public company and be able to develop effective business relationships both internally and with external advisers.
- Powerful intellect, good team-building ability and creative approach to problem solving required. Excellent career prospects which could include a move to general management.

Please apply in writing quoting reference 2173
with full career and salary details to.
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- Focus on identifying and implementing sophisticated tax planning projects, managing tax issues affecting acquisitions and divestitures, facilitating inter-corporate financing and dividend repatriations as well as providing timely tax advice to the company's European subsidiaries.
- Manage and review the preparation of European tax returns and other corporate tax reporting requirements.

THE QUALIFICATIONS
- Chartered Accountant/Lawyer, and ideally FTII, aged 34 plus with a blue-chip background in international tax planning. Fluency in English and French essential; other languages would be advantageous.
- Hands-on practical tax project management with successful transaction experience and excellent tax accounting knowledge. Comfortable in a matrix-managed organisation and commercially astute. Able to engender confidence at the senior management level and enthuse colleagues throughout the company.
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Merrill Lynch FINANCIAL & REGULATORY ACCOUNTANT - PARIS

Competitive Remuneration + Banking Benefits

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The key requirement of this role is to provide local management with a comprehensive accounting and regulatory support service. Specifically your remit will cover:

Identifying areas of the accountancy environment that require automation

Liaison with Merrill Lynch offices internationally, principally London and New York

Provision of management reporting and information

Regulatory capital monitoring

Costing, expenditure and revenue analysis

Legal entity profit and loss account

Ad hoc projects

Suitable applicants will be fluent in both English and French and will have a minimum of two years related experience gained within a financial services institution. Knowledge of French banking regulations and legislation would be advantageous. The role will suit a proactive and technically versatile individual seeking an autonomous and varied position with the potential to supervise a team within the accounting department. Merrill Lynch offers a highly meritocratic and challenging career structure.

Preliminary interviews will be conducted in Paris and London in the week commencing 6th January 1997. Interested applicants should contact our recruitment advisors Jonathan Astbury or Paul Marsden on 00 44 171 353 7533, facsimile 00 44 171 353 7703 or write to them at: Astbury Marsden Search and Selection, Hamilton House, 1 Temple Avenue, London EC4Y 0HA, England.

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Lesotho Highlands Development Authority

PO Box 7332, Maseru 100, Lesotho. Telephone 31280 Fax 310060 Telex 4523, LHDA LO

LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY

MANAGEMENT ACCOUNTANT

Set in the heart of the beautiful Mountain Kingdom of Lesotho, a high-tech multi-billion dollar water project providing hydropower for Lesotho and water for the Republic of South Africa is underway. A joint venture by the Lesotho and South African Governments, the project is controlled in Lesotho through the Lesotho Highlands Development Authority (LHDA). The project is funded from many international sources and involves complex multi currency transactions on a large scale.

Cost of project transactions must be allocated to both parties of the joint venture and reconciled to funding sources. In addition, since the project is about to enter the operating phase, cost accounting arrangements need to be put in place to support the reporting requirements of both the Hydropower and Water Delivery Operating plant in addition to those in place for the ongoing Construction activities, together with requisite budgetary and cost control mechanisms.

LHDA is seeking a highly qualified Management Accountant on three-year contractual basis to assist in both the Development and ongoing maintenance of a cost and management accounting framework which will also serve the needs of the allocation of costs between the parties. The specialist will futher assist with ongoing allocation of capital expenditure; with appropriate development of the computer systems framework to support the cost accounting and allocation requirements; with the development of the budgetary control framework to incorporate performance indicators, improved cost control and necessary financial analysis of decision alternatives; and as a key contributor to the Authority's financial planning.

The position, based in Maseru, calls for a commitment to work with and develop local staff, a commitment to develop rapidly a knowledge of the project, and wide experience of management and cost accounting, and financial planning and analyst, preferably in an operating utility, or similar manufacturing environment.

The preferred candidate will be a Chartered Accountant, Cost and Management Accountant or equivalent, will be a dynamic team leader with an enlightened approach to staff training and development, and will lead by example through possessing the necessary communication, accounting and computer skills to support his or her specialist knowledge.

The excellent expatriate package includes housing, car and education allowances, relocation expenses and air fares.

Applications marked "Human Resources Division" and incorporating a comprehensive CV, outlining full personal and career details, should be sent in confidence to The Chief Executive, LHDA, PO Box 7332, Maseru 100, Lesotho, Fax (266) 310060 or (266) 310375.

Closing date for the applications is 20th January 1997.

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EVC
EUROPEAN VINYLS CORPORATION

BUSINESS ANALYST

BRUSSELS-BASED — **AGE 28-32** — **ATTRACTIVE SALARY PACKAGE**

EVC International, quoted on the Amsterdam Stock Exchange, is presently the largest PVC manufacturer in Europe and the fourth largest in the world. They employ approximately 4,000 people across Europe and their turnover amounted to approximately 2.5 bio NLG in 1995.

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- planning and coordinating company-wide projects and programmes as representative of the Board of Directors;
- liaison with senior management.

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Interested applicants can contact **Sylvie Van den Eynde or Michael Verbeek on 00 322 511 66 88 (fax 00 322 511 99 69) or send a detailed curriculum vitae to: Robert Walters Associates, Avenue Louise 66 box 5, 1050, Brussels. Email: brussels@robertwalters.com**

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Applicants should be sent to:

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THE GROUP

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THE OPPORTUNITY

An excellent opportunity exists for a highly motivated and enthusiastic finance professional to take up this key management position. You will be responsible for co-ordinating the Division's financial reporting responsibilities to Corporate Headquarters in Atlanta, covering the activities of Coca-Cola Middle East's five Regional Management functions operating across nineteen countries. The role will include the preparation of the rolling estimate, monthly actual results, the annual three year plan, as well as supervision of the Divisional Office accounting function.

THE CANDIDATE

The successful candidate will be a qualified accountant with proven management experience gained in a similar role and environment ideally within a multi-national organisation. This is a high profile position with one of the world's leading corporations and as such represents a genuine career opportunity.

Interested candidates should in the first instance send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, Redridge House, 9 Bailey Lane, Sheffield S1 4EG. Tel: 0114-278 0011. Fax: 0114-273 8384. Email:cc14f@abpm.co.uk Please quote reference CC14F.

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The Group now wish to appoint a Divisional Finance Director to a major Division to play a leading role in pursuing the initiatives needed to expand that sector, from organic development of the product portfolio to business acquisition and joint venture operation. All of these openings will require skillful financial evaluation, implementation and control, and growth in the business must go hand in hand with an unrelenting drive for strategic economies in manufacturing and distribution, a flexible business and management structure and effective operational and control systems.

Applicants must be high grade graduate accountants who can bring substantial experience of operational finance management gained in well run large scale FMCG businesses preferably with an International dimension. Business acumen and analytical skill should be combined with the breadth of experience to instigate and manage substantial integration and change programmes, sustain a strong cost control environment and robust operational/control/reporting systems.

Age guideline 35 – 40. Divisional Location – Southern England.

Please write, in the first instance, with a full CV quoting reference JV/DFD to:

J.D.Vine, Vine Potterton Limited, Suite 26, Ludgate House,107-111 Fleet Street, London EC4A 2AB.

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RECRUITMENT ADVERTISING

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Suitable candidates will ideally be Chartered Accountants in their late 20s, 'big six' trained and either still in the profession or in a major corporate. First class technical skills are imperative and should be allied to a significant record of achievement and rapid promotion. This is an excellent opportunity for a high calibre Chartered Accountant to make an early career move into a progressive group undergoing considerable change, and led by a young, talented senior management team.

The remuneration package is designed to attract the best and, in addition to a substantial base salary, will include a bonus of up to 50%, executive car, share options, pension and the usual benefits.

Please send a *full* CV in confidence to GKRS at the address below, quoting reference number 621J on both letter and envelope, and including details of current remuneration.

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Operating out of London the Internal Audit Department plays an integral part in the continual process of business improvement and risk management.

Reporting to the Head of Internal Audit, the roles will involve:

- working closely with corporate and divisional management
- planning and execution of audits within the group's interests in North America and Europe
- risk analysis and strategic audit planning

For these challenging positions the suitable candidates will be qualified accountants (ACA/ACMA or ACCA) with at least one year's post-qualification experience (five years for the *Manager's* role), together with a strong audit background ideally gained within the internal audit function at a large multinational company. "Big 6" experience and line accounting expertise will be advantageous. Special consideration will be given to any candidates with in-depth treasury or computing audit skills. Candidates should be articulate and highly capable communicators, with the presence necessary to influence people at all levels of seniority within the organisation. Extensive travel within the UK, North America and Europe is a feature of these roles. Knowledge of German or Spanish would be advantageous. These positions offer an excellent opportunity to build a long term career in a successful and progressive organisation.

To be considered for these exceptional opportunities please call Louis Tomazou on 0171 209 1000 or fax your CV to him quoting ref: FT0078 at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY (fax: 0171 209 0001).

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Candidates will have wide ranging international business and financial experience, be fully qualified with strong English and German language/communication skills and have a proven track record of line and staff management.

If you can match this brief and have the appropriate experience, please submit your C.V. quoting reference EUP10296 to The Director:

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FINANCE DIRECTOR - UK

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Aged 38-55, candidates should be graduate Chartered Accountants with experience and a proven track record in an International Company. An ability to liaise at all levels and implement new systems, essential. A second European language would be an asset.

Only tough, hands-on, highly motivated self-starters need apply.

If you have these qualifications, please send full CV, quoting Ref: FD to:

Box A5714, Financial Times, One Southwark Bridge, London SE1 9HL.

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TECHNOLOGY

A hardware device may offer a solution to software virus problems, says **James Buxton**

On guard to lift the siege on PCs

The facts about the invasion of personal computers by computer viruses – rogue programs that can disable it or destroy data – become ever more disturbing. A UK survey shows that in a sample the proportion of computer systems that had been affected by viruses had risen from six to 14 per cent between January and September this year.

In the US it was estimated earlier this year that the cost of disruption to businesses by viruses would rise in 1996 from $1bn (£600m) to between $2bn and $3bn. The risk of a PC being infected rises as more computer users join the internet and download software or exchange e-mail with data attachments.

Companies can try to protect against viruses by forbidding the loading of unauthorised software and games on to computers. But this kind of interdict can be easily evaded, deliberately or otherwise.

A better form of defence is to employ virus scanners. These are software programs that look for characteristic strings of characters from known viruses, of which there are thought to be about 8,000 in existence worldwide. But the scanning software is only as good as the viruses for which it has been programmed or updated and new viruses are emerging all the time. One estimate is that new viruses appear at the rate of 100 a month.

Now Calluna, a quoted disc drive company based in Scotland, has developed a hardware product which it believes offers computers complete protection against viruses. It consists of a microprocessor on a small circuit board which is placed between the PC's hard disc drive and its system board, and which functions independently of the PC's own central processor unit as a second CPU. The microprocessor can be programmed to monitor all traffic being routed to the PC's hard disc drive. If it detects virus-like activity or any other illegal activity it alerts the user and allows the option of blocking access to the hard disc drive.

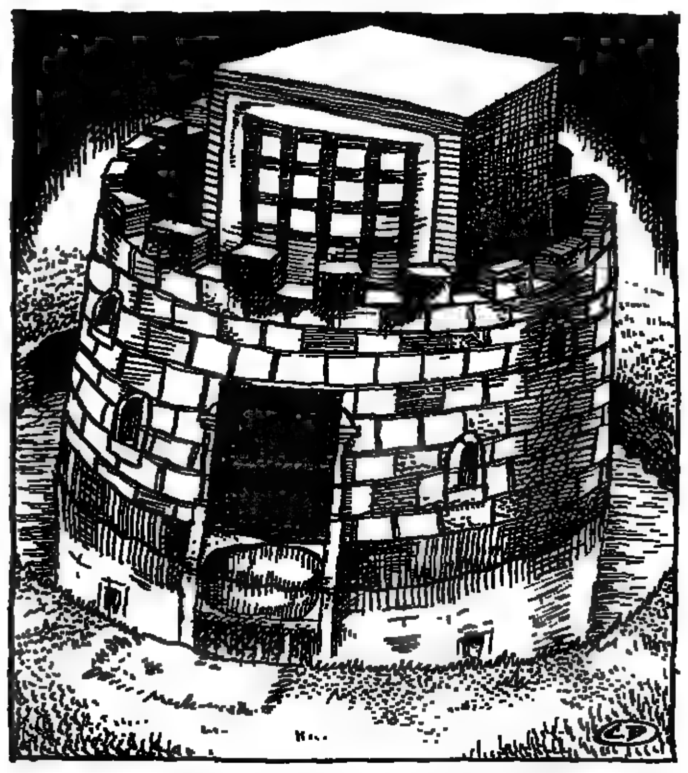
The second CPU could also be allocated partitioned sections of the computer's hard drive to store all material downloaded from the Internet, for example. This might be thought to risk infecting the protected material on the hard disc, but Norman White, managing director of Calluna and one of the inventors of the virus isolator, insists that partitions keep the data in the two areas separate.

"Because this virus isolator uses a second processor independent of the PC no virus can corrupt its operation or circumvent the protection it offers," he says. "It is logically impossible for it to speak to the PC's own CPU." He says the product is "almost like using a separate PC to handle Internet material. That is a method some companies already employ."

Calluna's device could also be used as a firewall to prevent unauthorised access to the PC's hard drive. This would make it a weapon against computer hackers who pose at least as great a disruptive threat to computer users as viruses, and who may themselves plant viruses.

Although many computer systems already have a software firewall to protect against hackers, a software firewall must be constantly updated as hackers develop new methods of attack. But a hardware firewall or virus isolator, Calluna says, provides protection against all hostile software, present and future.

Calluna has reached the stage of demonstrating prototypes of its device and intends to test the market in the first quarter of next year in the UK, Europe and the US. The device would be sold initially as a plug-in card for a desktop PC, but could later be embedded in the hard disc electronics or on the system board of a PC or in the CPU.



MANAGEMENT

A new breed of detective is fighting industrial espionage, discovers **Tim Burt**

Hard case to crack

The escalation this week of the bitter dispute between Volkswagen and General Motors over the alleged theft of industry secrets has again focused management attention on the risks of industrial espionage.

The controversy has already resulted in the resignation of José Ignacio López, VW's purchasing chief, and could cost the German carmaker more than $1bn (£607m) in damages.

GM has made clear – despite the latest protestations of innocence from VW chairman Ferdinand Piëch – that it wants more than the head of López. It is also seeking those of seven other former GM employees who joined his 1993 exodus to VW, and an abject apology.

The price has been high for both sides. Each has run up legal and advisory bills running into several million dollars. GM maintains it has lost vital information in areas such as component pricing, new car designs and marketing. VW has suffered a blow to its prestige, and could see any damages assessed in the US courts trebled under that country's Racketeer Influenced and Corrupt Organisations Act.

According to leading UK lawyers and corporate investigators, the case demonstrates how hard companies will now fight to protect information which they believe gives them a competitive edge.

Such intellectual property, they claim, can make the difference between taking market leadership and being an also-ran – ultimately the difference between profit and loss.

The determination to safeguard sensitive information has spawned a new breed of private investigators turned "corporate risk consultants". They no longer simply tail suspects or carry out all-night surveillance, but conduct security audits, recommend changes to management culture and influence the due diligence process.

Bill Waite, head of the corporate investigations unit at Kroll Associates – one of the world's largest investigation agencies – says the increasing range of services reflects the growing sophistication of white collar crime.

"We are seeing a much wider spread of cases and companies are being much more aggressive in pursuing them," says Waite, a barrister formerly seconded to Britain's Serious Fraud Office.

While the GM-VW dispute has illustrated the risks associated with headhunting top executives, investigators maintain the most common cause of industrial espionage is employee discontent.

Waite claims workers who find themselves victims of rationalisation or feel passed-over in pay reviews often turn to revenge. In evidence, he cites the on-going case of Roy Tazzyman, who was ousted last year as chief executive of Davy International, the UK metals processing.

According to writs served by Kvaerner, Davy's parent, Tazzyman allegedly removed more than 2,000 confidential documents and handed them to VAI, its Austrian engineering rival.

Tazzyman, who was subsequently hired by VAI, has denied the charges.

In another recent case, a disaffected computer technician at Reuters in Hong Kong last month embarrassed the information provider by sabotaging the dealing room systems of five of the company's investment bank clients.

Other common types of espionage are said to involve disgruntled managers who are excluded from management buy-outs and subsequently sell confidential information to competitors.

In the past 18 months, Kroll has also investigated 10 cases where owner-managers who sold their businesses were tempted to seek further gains by re-selling client lists and pricing details – despite signing non-competition clauses with the company that bought them out.

Similar misdemeanours have been uncovered by Control Risks Group, one of Kroll's main competitors.

Tony McStravick, a senior consultant at Control Risks, says potentially maleable executives are now being targeted by a new breed of middlemen – the so-called information brokers.

Such brokers make a living by obtaining secret information from company executives and then selling it on to the highest bidder. McStravick, a former acting commander of the Fraud Squad, says the practice is particularly prevalent in the oil industry.

"I was involved in a case where an information broker was arrested after paying £7,000 for information from an employee of one large oil company. He got four years," he recalls.

Norwegian police earlier this year claimed to have uncovered another case when two Britons were detained on suspicion of corruption involving Statoil, Norway's state-owned oil company. The kickbacks were said to have exceeded $115,000.

Investigation agencies clearly have an interest in persuading companies that such espionage is endemic, and needs preventative medicine. By doing so, they can earn large fees for anti-espionage services.

But although several large groups are said to routinely "sweep" their offices for bugs, most UK companies still appear to call in the investigators only after the event.

In such cases, the problem for the sleuths is not proving what has happened but trying to assess the cost of the lost information. That process has helped give birth to "forensic accounting", where auditors are brought in to assess the damages.

Andrew Mainz, a partner in Coopers & Lybrand's forensic accounting practice, says: "We try to work out what the expected sales of a product might have been without the information leaking, and compare it to the actual turnover. Then you must try and assess the impact on selling prices and profitability."

Trying to combat industrial espionage remains an inexact science. But accountants and corporate investigators claim more companies are waking up to the dangers caused by rogue employees or competitors, and are willing to pay to avoid it.

"Companies now realise they should be protecting valuable assets," says Waite at Kroll Associates. "If they don't, they risk losing them."

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ARTS

In the shadow of Taglioni

Clement Crisp finds one of the great ballerina's roles reconstructed in Nancy

Marie Taglioni was the first and greatest of the ballerinas of the Romantic era. During the 1830s and '40s, when a ballet-fever swept Europe and the Americas, taking such stars as Elssler and Grisi from triumphs in Paris and London to Petersburg and La Havana, Taglioni – *Marie, pleine de grace* – was Romantic ballet's undenied glory. Her image – sweetly poised on a flower, drifting in white tarlatans as the sylph, an infinite delicacy of style disguising infinitely strong technique – was perpetuated in lithographs and in ballets concocted by her choreographer-father, Filippo. ("The daughter coming to the rescue of the father" being a not unusual comment on Taglioni père's creations.) It was he who made *La Sylphide* which identified for all time the gifts of his daughter, and these are gifts that ballerinas today still seek to emulate and evoke. Wherever gauzy skirts and a gently floating manner captivate an audience, there Taglioni casts her shadow.

She cast her shadow in St. Petersburg in 1839, when her father staged *L'Ombre*, an elaborate new spectacle for her. The narrative told of Angelica, poisoned with a bouquet on her wedding day by the jealous Duchess Eudoxie who has fallen for the charms of Loredan, the prospective groom. How Angelica's shade haunts the rest of the action, brings about the death of Eudoxie by the same bouquet, and amid the ruins of a castle leads Loredan away to bliss, is standard Romantic faddle (and presages *La Bayadère* of 1877). What delighted the Petersburg audiences and those who saw Taglioni's triumph in other cities, was what one observer called "her spiritual ubiquity" as she wafted through the action, floated over a river, settled lightly upon an unbending flower.

The ballet was, inevitably, lost as Romanticism faded. Yet, like other works of the time, it has fascinated the French choreographer and scholar, Pierre Lacotte. His dance-training with certain eminent and long-memoried ballerine fired his interest in what survived or might be reconstructed from this earlier golden age (and despite the impermanence of choreography, steps, style and even variations can persist through classroom and stagecraft).

Over the past 20 years, Lacotte has sought to revive some of these old ballets, calling them – or their semblance – into new theatrical life through extensive research and a sensibility towards the lost style of their dances and interpreters. *La Sylphide*, *Le Lac des Fées*, *Marco Spada*, and several others, have been mounted. The stagings do not claim more authenticity than that given by Lacotte's studies and his acute feelings for the period, but at their best they charm us, and open windows on a lost age.

> *Wherever gauzy skirts and a floating manner captivate an audience, there Taglioni casts her shadow*

His most recent essay has been the Taglioni *L'Ombre*, which I saw at the weekend in Nancy's enchanting Opera House, in a production for the Ballet National de Nancy et de Lorraine which he directs. Lacotte's designs capture the procedures of Romantic stagings – a columned palace, a pretty river-scene – and the score by Maurer has been edited and re-orchestrated. (It is for the most part eminently forgettable, though David Garforth guided the Nancy Symphony orchestra through it with a loving sense of its possibilities). The first scene, which has the thankless task of dramatic exposition, is dull enough as poison and deceptions are administered. But with the vision sequence in which Loredan is united with Angelica's shade (a touching exercise in Romantic mist and mystery not unworthy of *La Sylphide* or *Giselle*) we know something of what Taglioni's audiences knew about the marvels of ethereal grace offered by that "creation of the air", as one critic named her. And here we come to the real point of the event: the presence of Monique Loudières in Taglioni's shoes.

Greatly loved as an *étoile* of the Paris Opera, Loudières has both the delicacy of technique and manner, and the dazzling speed and lightness, that can make Angelica (and Lacotte's fascination with Taglioni) entirely real. She weighs nothing, and she floats. She turns steps into bright-cut jewels. Her humming-bird speed in little things is matched by an easy, delicate charm that wins our hearts as it wins the role. It is a delicious interpretation, and one surely worthy of Taglioni. She is fortunate in her partner, the former Bolshoi danseur, Andrey Fedotov. Fedotov has the dignity and the technical clarity that the role needs. (I recall him as an ardent James to Semenyaka's sublime sylphide.) Here he makes much of a role which calls for swoons and confusion – those habitual occupations of the Romantic hero – but which also allows him to display a noble style.

The Nancy company offers devoted, well-schooled support, albeit now – as then - *L'Ombre* is really about its star. The evening is, ultimately, curious, yet at its best, curiously convincing. And Taglioni's graceful, enchanting shade is with us still.

Monique Loudières: a delicious interpretation of Angelica in Lacotte's revival of 'L'Ombre'

The Drones club meets the mechanicals: scene from Jonathan Miller's new production

Alastair Muir

Theatre/Alastair Macaulay

The 'Dream' unmagicked

Only a director as clever, inventive, and witty as Jonathan Miller could think up a history-game production like the Almeida Theatre's new *A Midsummer Night's Dream*. And only a fool could find it serious, revealing, or funny. It becomes here an unmagicked 1930s comedy involving people who belong in novels by P.G. Wodehouse. Helena quits the stage at the end of one episode crying "Taxi! Taxi"; Puck puts on cloth cap, woollen scarf, and overcoat to say "I'll put a girdle round about the earth in 40 minutes"; and the ageing Titania has a recording of "Smoke gets in your eyes" played for Bottom.

True, on opening night, some parts of the audience laughed. But almost solely, it seemed, at the fact that these spoilt characters onstage from the peripheries of the Drones Club – when not hailing taxis or exclaiming "Of course!" – keep spouting these *bally* lines by Shakespeare. When Hermia asks Duke Theseus "But I beseech your Grace, that I may know/ The worst that may befall me in this case,/ If I refuse to wed Demetrius", she is as artificial as one of those girls who Bertie Wooster finds himself engaged to by mistake. The joke – oh dear – is that she and other characters, being drawling stiff-upper-lip folk, sound insincere in all they say.

I laughed once. Po-faced Toby Jones, as Flute playing Thisbe, is so earnest, so absorbed, so committed, in slowly driving the sword into his/her breast, then slowly pushing it a little further, then digging it in that slow bit more, that I guffawed in true delight. Soon after that, another marvellous and quite different moment occurs, as the rude mechanicals depart. Silence falls. The privileged nobles all sit there, blank, with nothing to do. And we feel the gap that these inefficient and hard-working rustics have left behind them. Fine. But to get to these fine moments, you have to sit through the previous 95 per cent of this staging. The set, by the Quay Brothers, makes matters worse. A partition of glass windows and doors stretch across the stage, leaving a claustrophobically small area at the front for most of the action.

Miller cuts reams of poetry clean out of the play – notably Titania's "Come, now a roundel" and the fairy lullaby that follows – and yet these omissions make the play feel longer. What poetry he leaves is usually nullified by the 1930s drawling, and the exaggeratedly meagre Englishness of tone, with which it is uttered. Angela Thorne, as Titania, comes nearest to making the 1930s style both amusing and serious. I never thought I would hear Oberon, let alone an experienced Shakespearian such as Norman Rodway, pause to cough and splutter between "I know a bank" and "where the wild thyme blows".

Sylvestra Le Touzel, as Hermia, is the most proficient at catching the smart and brittle gutlessness that Miller presumably wants. It is very irritating. The same goes, to a lesser degree, for Angus Wright (*very* Drones Club) as a gangly Lysander and Jonathan Coy as a silly-duffer Demetrius. Doon Mackichan's toffee-nosed Helena is an infuriatingly, indeed stupidly, trivial buffoon.

Does Miller, in setting this play in the 1930s, want to convey the sense of a world in crisis, the end of a privileged old order, and the loyal subservience of a working class? Probably; and much more besides. But none of these things strike us as we watch. As in so many of his productions, he applies the busy top layer of his history-game so thickly over the play that we can neither get through to the clever points he may have in mind or, more interestingly, to the beautiful drama that Shakespeare wrote. Ironically, Miller's distracting concentration on historical surface makes him seem one of the most decadent directors around.

Almeida Theatre, N1, until February 1.

Kind master of mockery

Martin Hoyle pays tribute to Willie Rushton

Just as the summers of one's youth were always golden and the Christmases obligingly Dickensian in their whiteness, so satirical revue was at its most blissfully funny. Or so it seems. I remember in the early 1960s the official Oxford contingent to the Edinburgh Fringe being alarmed by a group of interlopers who called themselves The Oxford Players.

They hired a more salubrious venue than we could afford, with up-to-date lighting and amplification. Their company seemed rather older than ours, the links with Oxford as much historical or social as current, and appeared to include some smart young businessmen. They had connections with the buoyant and iconoclastic *Private Eye*. Ash-blonde glamour was provided by the stunningly beautiful Candida Betjeman; and (apart from the odd cameo from Albert Finney, popping in for post-performance send-ups of John Osborne's *Luther*) the comics included Ian Davidson (subsequently a successful TV producer), Richard Ingrams and William Rushton.

The formally billed William – Willie came later – was as yet best known as a cartoonist, indeed oddly resembling some of his drawings. John Wells has recounted how, as a stranger, he identified Rushton in the street because the stout, boyish-faced innocence immediately evoked a Rushton cartoon. The outlines may be bulky but the pointy feet and fingers add a curious daintiness, a token of Rushton's fastidiousness as a humourist. The shape may recall a barrage balloon but, like a balloon, there is the suggestion of weightlessness; these figures, for all their prosaic, earth-bound qualities, could take off and float through the air at the drop of a bowler.

Like his drawings, Rushton's comedy was rooted in the recognisable though capable of taking flight into the surreal. His stage debut was in Spike Milligan's hijacking of John Antrobus' *Bed Sitting-Room*, a baptism of surreal fire if there ever was one; but he was spotted doing a Macmillan impersonation by Ned Sherrin, on the look-out for unknown talent for a television satire show; and found himself in a pilot for *That Was the Week, That Was*. The rest is history.

In retrospect the humour of those Mac-mocking days seems unconscionably benign; today's comedians are personally vindictive to a degree, but then perhaps they have more cause. Rushton was never as unkind as even some of his contemporaries – notably the schoolfriend, Richard Ingrams, a day younger than himself, with whom he co-founded *Private Eye*.

In recent years Rushton had become a much-loved figure on radio. Significantly, Wednesday's radio news of his death tried to give some flavour of his humour, a mixture of polite propriety and comic madness, geniality and dead-pan normality. You can imagine his comic persona primly hushing a crowded art-gallery before quickly pencilling a moustache on the Mona Lisa. It would be a very convincing moustache, too.

The sound clips from *I'm Sorry, I Haven't a Clue* certainly gave little clue, out of context, to that erudite mockery based, one suspects, on principles of gravitas and kindliness undreamt of by today's stand-up comics.

In 1985 he was diagnosed as a diabetic. Having to cut down on drink was an almost Gilbertian irony for a long-time judge of the Evening Standard's London Pub of the Year award; just as a sudden and shockingly early death at 59 shortly before Christmas is a further irony. Of all the Oxford Players that summer in Edinburgh Willie Rushton made the likeliest Father Christmas.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Blue's blue – Kantrimusik: by Kagel. Conducted by Ed Spanjaard; performed by the Nieuw Ensemble. Soloists include soprano Angela Tunstall, mezzo-soprano Susan Bickley and baritone Romain Bischoff; 3pm; Dec 14
● Enrico Pace: the pianist performs works by Schumann, Brahms, Liszt and Mozart/Liszt; 8.15pm; Dec 15

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Berlin Sinfonietta: with conductor Michail Sekler, viola-player Ferenc Gábor and bassoonists Frank Forst and Alexander Haase perform works by Manfredini, Vivaldi, Albrechtsberger, Vanhal and J.S. Bach; 11am; Dec 15
Philharmonie & Kammermusiksaal Tel: 49-30-2614383
● Cecilia Bartoli: recital by the mezzo-soprano, accompanied by pianist Jean-Yves Thibaudet. The programme includes works by Bellini, Bizet, Rossini and Viardot; 8pm; Dec 15

CAPE TOWN

EXHIBITION
South African National Gallery Tel: 27-21-451628
● Contemporary South African Art 1985-1995: this exhibition showcases contemporary South African art produced during the last decade and acquired by the South African National Gallery between 1985 and 1995. More than 700 paintings, sculptures, works on paper and ceramic pieces are included; from Dec 14 to Mar 30

COPENHAGEN

DANCE
Det Kongelige Teater Tel: 45-33 69 69 69
● Hamlet: a choreography by Peter Schaufuss to music by Sort Sol and Langgaard, performed by the Royal Danish Ballet and the Royal Theatre Orchestra; 8pm; Dec 14, 16

FLORENCE

OPERA
Teatro Comunale Tel: 39-55-211158
● Die Zauberflöte: by Mozart. Conducted by Simone Young, performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Soloists include Julian Rodescu, Deon van der Walt, Susanne Elmark and Alessandro Corbelli; 3.30pm; Dec 15

HAMBURG

OPERA
Hamburgische Staatsoper Tel: 49-40-351721
● Die Zauberflöte: by Mozart. Conducted by Lothar Zagrosek, performed by the Hamburg Staatsoper. Soloists include Blanck, Isokoski, Weller and Stricker; 3.30pm; Dec 16 (7pm)

LONDON

AUCTION
Bonhams Tel: 44-171-3933900
● Early Chinese Works of Art & The China Trade: highlights of the sale include a 17th-century Rhino Horn Liberation cup, an 18th-century blue and white Moon Flask decorated with pomegranates, and a collection of nine pieces of 18th-century armorial porcelain; 1pm; Dec 16

CONCERT
Barbican Hall Tel: 44-171-6384141
● London Concert Orchestra: with conductor Ian Watson, tenor Bonaventura Bottone, trumpeter Crispian Steele-Perkins, the London Philharmonic Choir and the Southend Boys Choir perform works by J.S. Bach, Handel, Gounod, Franck, Clarke, Stanley, Berlioz and Adams; 3pm; Dec 15
Wigmore Hall Tel: 44-171-9352141
● Anthony Rolfe Johnson: recital by the tenor, accompanied by pianist Catherine Edwards. The programme includes works by Beethoven, Schubert and Mozart; 5pm; Dec 14

MADRID

EXHIBITION
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
● Jannis Kounellis: this exhibition presents an anthology of the Greek contemporary artist Jannis Kounellis. Comprised of 50 works of art, the exhibition mainly presents sculptures and installations grouped in accordance with pictorial themes; to Feb 18

OPERA
Teatro de la Zarzuela Tel: 34-1-5245400
● Capriccio: by R. Strauss. Conducted by Antoni Ros Marba, performed by the Scottish Opera. Soloists include Pamela Coburn, and David Pittman-Jennings; 8pm; Dec 15, 17

MONTE CARLO

AUCTION
Sotheby's Monaco Tel: 33-93 25 19 33
● Fine French Furniture: highlights of the sale include a Louis XV Ormolu-mounted Chinese céladon porcelain Pot-pourri, a Louis XVI clock representing a Minerva's bust, and furniture from the Baron Coppée's collection; 4pm; Dec 14

NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Concert Royal: with conductor James Richman and soprano Julianne Baird perform Christmas music; 8pm; Dec 18
Avery Fisher Hall Tel: 1-212-875-5030
● Messiah: by Handel. Conducted by Martin Josman, performed by the National Chorale; 8pm; Dec 14

EXHIBITION
Brooklyn Museum Tel: 1-718-638-5000
● In the Light of Italy: Corot and Early Open-Air Painting: this exhibition of 130 paintings examines the founding and development of the new landscape tradition of painting on-site, as practiced by members of the international community of artists in and around Rome from the time of Valenciennes and Thomas Jones in the 1780s to Corot and Blechen in the 1820s and 1830s; to Jan 12

PARIS

EXHIBITION
Galerie Nationale du Jeu de Paume Tel: 33-1 47 03 12 50
● Jesús Rafael Soto: retrospective exhibition devoted to the work of the Venezuelan contemporary artist Jesús Rafael Soto. The main focus of the exhibition is on his work in de mid-1950s. Included are his series of paintings on Plexiglass, "classical" paintings such as "Vibrations" and "Carrés virtuels", and a selection of recent works including "Ambivalences" and "Volumes virtuels"; from Dec 17 to Feb 16

OPERA
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Faust: by Gounod. Conducted by Yves Abel, performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Daniel Galvez-Vallejo and Cristina Gallardo-Domas; 7.30pm; Dec 14

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● Orchestra dell'Academia di Santa Cecilia: with conductor Kurt Sanderling and cellist Michael Sanderling perform works by Shostakovich and Tchaikovsky; 7pm; Dec 14, 15 (5.30pm), 16 (9pm), 17 (7.30pm)

VIENNA

OPERA
Wiener Kammeroper Tel: 43-1-5120100
● Dona Francisquita: by Vives. Conducted by Lluis Vila I Casanas, performed by the Wiener Kammeroper (in German). Soloists include Monica Theiss, Lorena Espina, Sulie Girardi, Lubica Gracova, Cesar Gutierrez and Hector Sandoval; 7.30pm; Dec 16

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Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

Major moribund

Clinching confirmation of the Tories' death wish came in the parliamentary debate on a single currency

Tony Blair should take a holiday. Britain's Conservatives have pushed the self-destruct button and it is hard to see what the Labour leader has to gain by intruding on John Major's all-too-public grief. As long as the government's woes fill the front pages, the tide for change runs stronger by the day. And I am told the Caribbean is awfully pleasant at this time of year.

I am only half-joking. The resignation this week of David Willetts as paymaster general was a minor tremor on the Tory Richter scale. In spite – or perhaps because – of the "two brains" soubriquet, Mr Willetts tried and failed to outwit the House of Commons committee charged with cleaning up parliament's act.

To borrow a phrase, he was too clever by half. He was then left with little choice but to jump before he was pushed. No doubt Mr Willetts will be back before too long, although one begins to wonder whether there is any place in British politics for intellectuals.

This investigation was simply a trailer for the main event. The same committee will now move on to probe the activities of several Tory MPs implicated in the so-called cash-for-questions affair. It promises to be a messy business. You do not have to have to grasp the complex detail of the affair to sense the foreboding.

Senior Conservatives are appalled by the prospect of some pretty soiled laundry being washed in public. They expect one of those accused will eventually be expelled from parliament.

Their only hope is that what Mr Willetts unwisely referred to as a "good Tory majority" on the committee will prolong the investigation beyond the election. To the same end, another date has been ringed in Mr Major's diary. He may have more to gain than to lose by going to the country on March 20.

The clinching confirmation of the Tories' death wish, however, came in the parliamentary debate on a single currency ahead of today's European Union summit in Dublin. Last weekend Mr Major mapped out a route through the European minefield. His tone was too sceptical for my taste, but he offered his party a series of sensible compromises. The Europhobes threw them back in his face.

Kenneth Clarke is used to jeers and catcalls from his own side. He can take it. But the barrage of abuse which greeted the chancellor's exposition of the pros and cons of a single currency was unprecedented. Gordon Brown, his Labour shadow, spoke the truth when he said Mr Clarke has more supporters on the opposition benches at Westminster than on his own.

Mr Major once thought the Dublin summit would provide an escape route. He would hold aloft the draft treaty on institutional reform and reject its principal ambitions one by one. Then he would challenge Mr Blair to do the same. New dividing lines over Europe would be drawn between the parties.

A shrewd Irish presidency has spiked his guns. It does not want to see the prime minister isolated. More to the point, it has no interest in driving Mr Blair into a similarly uncompromising stance. Britain's European partners expect to see his name on the treaty they want to sign in Amsterdam next June. So the most contentious issues – qualified majority voting and flexible co-operation – have been put to one side until then.

> The dilemma is how much energy Mr Blair should devote to fleshing out policies now and how much to planning their implementation in government

The remaining source of potential conflict with other governments concerns border and immigration controls. But here Messrs Major and Blair are in full agreement. Geography and tradition demand that Westminster retains full control of the nation's borders. The Tory sceptics do not care. They have a single ambition: to destroy Mr Major's wait-and-see policy on a single currency. They are happy to pay the price of defeat at the election.

You can see why there are voices whispering in Mr Blair's ear to play it safe. He is performing brilliantly in the House of Commons, at every turn twisting the knife in Tory wounds. And if there were any residual doubts that Mr Major had lost his parliamentary majority, they will be dispelled by Labour's victory in the Barnsley by-election.

European governments are not alone in assuming Mr Blair is destined for power. This week the prospect even injected some sanity into official preparations for the millennium. With luck, Labour's refusal to write a blank cheque will soon scupper the absurd plan to mark the occasion by spending £1bn on a tent by the Thames.

Mr Blair, though, has to make another calculation. He will signal again next week that education is at the heart of his prospectus for government. But the three issues that will rush headlong at an incoming Labour government are tax and spending, Europe, and devolution.

The dilemma is how much energy he should devote to fleshing out these policies now and how much to planning their implementation in government. It is a delicate balance. Issues which can be confronted in government are often untouchable in opposition. Thus he knows that if Scotland is given a parliament, it will have to strike a new constitutional bargain with England. That bargain should be drafted before the election, but Mr Blair would be wise to keep it to himself until afterwards.

Similarly with Europe. After an initial look at the drafts prepared for Dublin, Robin Cook, the shadow foreign secretary, believes that, internal frontiers aside, Labour could probably cut a deal on a new treaty. There is little to be gained, though, from spelling out the details now.

Tax and spending are different. January will see the start of a £10m Conservative advertising onslaught, most of it directed at Labour as the party of confiscatory taxation. Mr Brown has already decided to respond with further examples of the tough choices he would be ready to make in government. But there is no decision yet on whether to propose a higher top rate.

The economics argue for the option to be kept open, the politics for sticking with the present 40p rate. My own instinct has been that Messrs Blair and Brown should take the latter course. But there is a strong case that Labour can promise lower taxes for those at the bottom of the income pile only if it is prepared to take more from those at the very top.

Either way, such dilemmas confirm Mr Blair in his determination not to be complacent. And there is always Tuscany in August.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Regular review after Emu needed

From Mr John Szemerey.

Sir, How exciting but how sad to see President Chirac of France and Chancellor Kohl of Germany meet to discuss the future shape of the European monetary system ("Chirac and Kohl fail to make progress on Emu," December 10). Exciting, because we are seeing history being made, as Europe prepares for the big leap forward to having one currency. Sad, because Britain is totally ignored and marginalised, thanks to the weak and vacillating government of John Major reacting to Eurosceptic pressures.

Kohl and Chirac are both right. Of course it must be elected politicians who lay down the rules under which the European monetary system and the single currency will function and who specify the European Central Bank's responsibilities and how it is to carry them out. But, once agreed, the monetary system should be run independently and impartially by the central bank.

If there were two hands on the controls, a political hand (as France now seems to be asking) and the hand of the European Central Bank, there would be a great risk of decisions being influenced by party political or national-political considerations. This is unacceptable.

What should be considered, however, and has not been so far, is that the remit of the European Central Bank and the rules of the European monetary system should be reviewed by elected politicians after an initial period of, say, five years and then be subject to further reviews at regular multi-annual periods.

This would enable democratically-elected politicians to correct and update both in the light of developments (eg if the single European currency becomes a leading international currency) and of experience.

John Szemerey,
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Belgium

Security in a common arms code

From Mr Paul Eavis.

Sir, Rationalisation of the European defence industry is indeed necessary for competition ("EU struggles to get defence set together", December 11). It is imperative, however, that a desire to be competitive does not override security concerns. The danger is that cross-border ventures and acquisitions will facilitate the bypassing of national controls in those countries which operate restrictive export policies. In time, this could lead to the reduction of European export controls to the lowest common denominator. This would inevitably increase the flow of arms to regions of tension, military aggressors and countries that abuse human rights.

A necessary concomitant of a rationalised European defence industry is an effective European arms export control policy. In the aftermath of the Gulf war, European states adopted eight criteria governing the arms trade. However, they have had limited effect as they are vague and subject to differing interpretation. Cross border collaboration now makes it essential that a binding EU code of conduct is introduced.

The current inter-governmental conference negotiations provide the ideal forum for the introduction of such a code. A common security outlook will be impossible if member states continue to undercut each others arms export controls.

Paul Eavis,
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Europe can claim to have invented Internet

From Mr Norman Dombey.

Your editorial "Cyberpiracy" (December 6) states that "The Internet was designed as an open information highway for US scientists". It is true the Pentagon funded advanced computer networks like ARPANET, to which US (and UK) scientists had access during the 1970s and 1980s, but these networks only allowed remote access to other computers on the network and the use of electronic mail.

Nowadays most people consider the Internet as synonymous with the world wide web, which was invented by scientists in Europe, not the US. Tim Berners-Lee and Robert Cailliau proposed the world wide web in October 1990 at the European Particle Physics Centre CERN in Geneva and the demonstration programme was developed soon afterwards. The first US server was installed at Stanford (also in a particle physics facility) in May 1991.

Norman Dombey,
Centre for Theoretical Physics,
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Brighton BN1 9QJ, UK

Coinless society idea from another planet

From Mr Steve McGiffen.

Sir, May I ask Mr Selwyn Hodson Pressinger (Letters, December 10) how those of us who like to give spending money to our children and express our solidarity with less fortunate people by giving money to beggars or by buying The Big Issue, or by dropping a few francs in a street busker's hat in appreciation of a song, will manage these things in his brave new coinless Europe?

Will we really need a credit/debit card when buying a cup of tea, a bar of chocolate or a Rizla packet?

The fact is that the flight of fancy necessary to arrive at a coinless currency is typical of the thinking (or lack of it) of that class of people who increasingly control economic decision-making and who do not seem to live on the same planet as the rest of us at all. Their greatest achievement is, of course, Emu itself – with or without coins.

Steve McGiffen,
boulevard du Midi 135,
1000 Brussels, Belgium

Condition for making China WTO member

From Mr Andrew Wigley.

Sir, In your editorial "China and the WTO" (December 11), you claim that 10 years of negotiations for Chinese membership of, first, the General Agreement on Tariffs and Trade and now the World Trade Organisation, have been long enough.

It is true US platitudes through favoured trading status and the formal EU/China dialogue which opened this year have done little to encourage reform. Only accession will set conditions for China's integration in the world market. The return of Hong Kong to China on July 1 next year may affect European trade with the region. We cannot afford to let this marketplace be restricted by the People's Republic of China.

However, one of the many criteria which you fail to mention is the issue of human rights. To grant membership now, as you suggest, would be an act of hypocrisy on the part of the western powers and would be a dereliction of our responsibility to post-colonial Hong Kong.

Membership should come at a price, one which China can yet afford.

Andrew Wigley,
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1040 Brussels,
Belgium

Spread a little happiness

From Mr Martyn Bieshewel.

Sir, With the prospect of the Netherlands hosting the European presidency in the new year, I am glad to read that James Morgan ("There is only one satisfied country in the EU", December 1) considers our nation to be one of marginal domestic problems.

Hopefully we can spread a little of our satisfaction among the other member EU-nations during the six-month presidency – they seem to need it.

Martyn Bieshewel,
Sloterkade 34/hs,
1058HE Amsterdam,
The Netherlands

Evolution outside.
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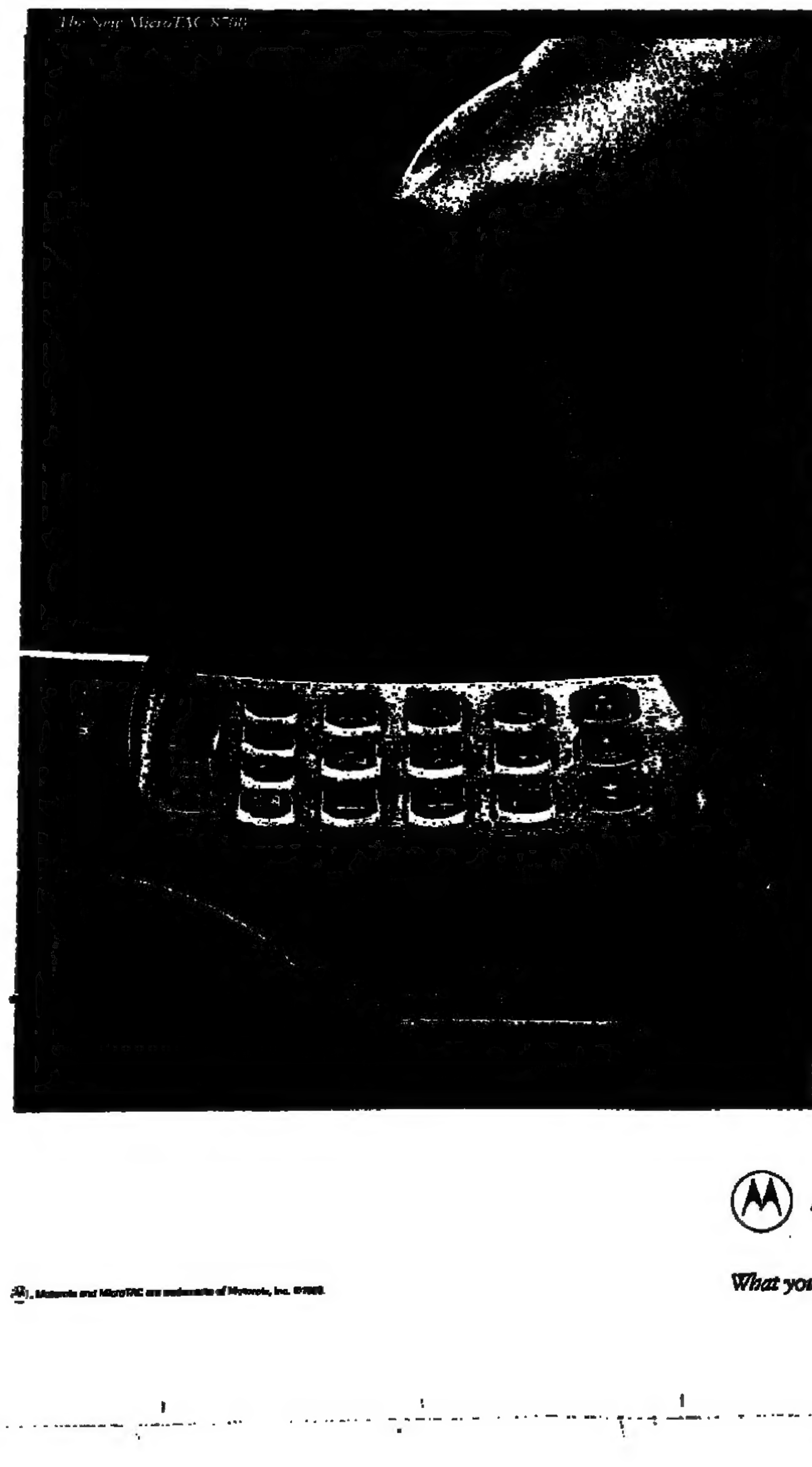

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Europa • Dominique Moïsi

Gloom of the sick man

The deep sense of malaise in France is endangering monetary union

Terrorism has returned to the capital; new corruption scandals continue to emerge; the government's privatisation plans have been thrown into confusion.

With unemployment continuing at a postwar high, the mood in France is gloomy. The French are disillusioned with President Jacques Chirac, the man they elected more than 18 months ago. And they expect very little from the parliamentary elections in 1998.

Morosité has become a codeword to summarise the state of mind of the French. Could France, once a driving force in Europe, now be the sick man of Europe, torn by self-doubt, poor economic performance and fear of the future?

The Germans also face economic difficulties, particularly with unemployment and the public recognition of the costs of reunification. But they have a strong, reassuring leader in Chancellor Helmut Kohl – and they are aware of their central role in the European Union.

The British have their political problems. But they can take comfort from the recent improvement in their economy – while next year's general election could renew the government.

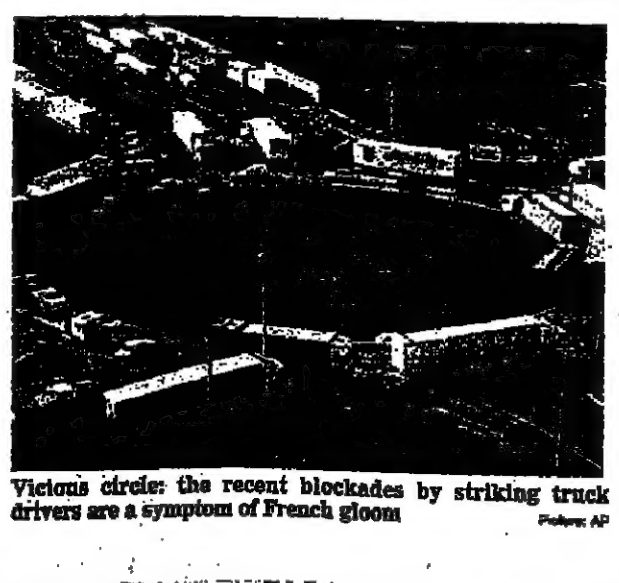
Both Germany and the UK are suffering the same malaise that afflicts most of western Europe: states face the challenge of adjusting to globalisation, which draws powers away from national bodies and forces reductions in public spending.

But that crisis affects France more because there is more state in France and because France has identified its future with the European project.

Power in France is excessively centralised in the executive, the higher civil service is dangerously politicised and scandals are still exploding in the absence of clear rules for the financing of political parties. The state needs to be reinvented on a more modest and honest basis.

Can it be done, given the incestuous relationships between the political, administrative and business elites? It is unlikely such a homogeneous group could make the necessary break with conformity and conservatism.

Some observers believe there may be an "Italianisation" of the French political system, in which the main parties collapse like a house of cards and give birth to a New Republic. But that is equally unlikely: the French state is more powerful than Italy's and French society is less dynamic, less willing to take risks than its Italian counterpart.



Vicious circle: the recent blockades by striking truck drivers are a symptom of French gloom Picture: AP

Yet the likely continuation of *morosité* will have an impact that goes well beyond France – one that may constitute one of the biggest challenges to the completion of the process of creating a European Union.

Members of the pro-European majority in the French parliament appear to discuss the single currency with the serene resignation of early Christians about to die for their faith in ancient Rome: "We will remain faithful to the Maastricht objectives, but we will be wiped out in the next elections," might be their view.

In such a climate, it is hard to believe the timetable and objectives of economic and monetary union will be achieved if growth does not pick up – whatever officials say.

The contrast between the downbeat mood of younger French people and the optimism of young urban Poles, for example, is a perfect illustration of the crisis of the EU. The French inside the Union feel gloomy and fear for the future; the young Poles outside the Union are full of hopes for the future.

Instead of being perceived as a goal or even – less ambitiously – as a solution, the European Union is seen as either the problem or an irrelevant answer to the daily preoccupations of the French: unemployment and insecurity.

In a contradictory manner, the EU is seen as being both too intrusive in a bureaucratic sense and too impotent on the international stage. From the diktats of Brussels to the failure of Europe in Bosnia, the European project is losing its allure and purpose for France.

The growing discontent is shrewdly exploited by Jean-Marie Le Pen's extreme right.

The Germans are witnessing events in France with a mixture of bewilderment and anxiety over their potential impact on the timetable for Emu. Having lost his old friend and ally François Mitterrand, Mr Kohl does not feel reassured by the new French leadership. Mr Chirac's dedication to the cause of Europe is seen as less emotional and less deep than his predecessor's.

As the gloom deepens in France, it would be sad if the present French state of mind strengthened the Eurosceptics in the UK. It would be an ironic turn of events at a time when the Labour party may be about to come to power, bringing a new and more positive approach to Europe.

Europe cannot be fully unified without the UK. But without a secure, convinced and firm French presence it is the entire European Union project that would be placed in jeopardy.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of Politique Etrangère. *He writes here in a personal capacity*

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Friday December 13 1996

Mr Clinton's dead centre

Mr Bill Clinton's speech to his old friends at the Democratic Leadership Council on Wednesday, his first formal address since being re-elected, was notable less for what it said than for what it did not say. "The centre can hold," he proclaimed. "The centre has held and the American people are demanding that it continue to do so." All true. But as Mr Clinton now recognises, holding the centre leaves him more than ever aiming to tinker with the status quo, not fundamentally reform it.

The speech contained very little in the way of new ideas, but as far as domestic policy was concerned there were two basic messages. The first was that the onus for solving the country's problems would be more widely shared. Washington would still play a supporting role, but often it would be up to others – notably state governments and the business community – to come up with new ideas and make them work in practice.

Second, and related, in the search for practical solutions there would be little room for ideology, be it of the far left or the far right.

Nowhere were both themes more evident than on welfare reform, to which Mr Clinton devoted a considerable portion of his speech. He stressed, once again, that the sweeping welfare reform legislation he signed in the summer was "just the next step, not the end of the road". But true to the terms of the bill itself, the further steps he sketched out involved only a marginal role for the federal government. Echoing the Reverend Jesse Jackson's Democratic party convention speech, the president argued forcefully that business would have a vital role in making "welfare to work" a reality.

The modesty of Mr Clinton's proposals was understandable. After all, the electorate showed little desire for more radical change in the election – and Mr Clinton would hardly be in a position to deliver it even if they had. But there are several areas on which the president ought to think of taking a stronger stand, ideally before Congress convenes next month.

On education, he should show more willingness to translate his speech into action by giving federal permission for a broader range of local experimental reforms, for example through voucher schemes. Most important would be social security reform, conspicuously absent from Wednesday's speech.

The lesson of past entitlement reforms is that changes not endorsed by both parties do not stay on the books for long. The nature of his election victory gives Mr Clinton a golden opportunity to enact lasting reform and put his new pragmatism to good use.

Fresh water

Yesterday's agreement with India on sharing the water of the Ganges is more than just a fine way for Bangladesh to celebrate its first quarter century as a nation. For the countries of south Asia as a whole it holds out the hope of a more peaceful coexistence.

Water has been a bilateral bone of contention ever since India dammed the Ganges at Farakka, just west of its border with Bangladesh, in 1976. India wanted to divert water to Calcutta to prevent its port silting up. Bangladesh complained that the barrage deprived it of water in the dry season and exacerbated monsoon flooding.

This week's agreement owes much to a fortunate coincidence of political circumstances. Sheikh Hasina, leader of Bangladesh's new Awami League government, is more sympathetic to India than her predecessor. Mr I.K. Gujral, foreign minister in India's new United Front government, has sought conciliation with neighbours.

There is thus scope for building on the Farakka accord. The climate is now more propitious for a deal on transit whereby Bangladesh would open routes to India's remote north-east. Bangladesh could agree to allow its port at Chittagong to be used for Indian trade.

Even now such deals would take considerable political courage. Bangladesh would have to overcome what it feels is risk to its sovereignty and security from such concessions. But practical progress on improving India's relations with Bangladesh would be a constructive example for Pakistan.

The prospects of much headway being made in India's far more complex bilateral relationship with Pakistan still look slim in the short run. The United Front undermined its own hopes of better relations by holding elections in Kashmir shortly after it took office. Pakistan is so beset with its own internal problems that it cannot easily respond to new initiatives.

But it is in everybody's interest that relations improve. More than a quarter of Pakistan's budget goes on defence: it could be cut if a better relationship with India afforded more security. Both countries would prosper from greater trade exchanges. Security would follow from economic interdependence.

But India needs to offer more than the vague expressions of goodwill which characterised Mr Gujral's initial overtures. A specific agenda for activating the 1972 Simla agreement, which committed both sides to bilateral talks, would force a response from Pakistan. The Farakka deal shows what can be achieved in this troubled region. It must be followed up.

Trading places

To those of an old-fashioned disposition, the latest changes to London's FTSE stock market index might seem to fit a familiar pattern. Out go two venerable manufacturers, Pilkington and Courtaulds. In come two providers of services: Mercury Asset Management, the fund manager, and Hays, which rents out anything from temporary accountants to warehouses.

If this suggests creeping de-industrialisation, the truth is more complex. The previous adjustment to the index saw the addition of a 90 year-old cigarette manufacturer, Imperial Tobacco, and the departure of a recently formed utility, Southern Electric. The round before brought in the merged components manufacturer LucasVarity, and dropped the demerged rental group Thorn.

Besides mergers and acquisitions, changes in the index have much to do with the luck of the draw. Courtaulds and Pilkington are both out of favour at present as cyclical stocks. In the past, changing fortunes have moved companies such as Cookson, the specialist materials group, and Next, the retailer, in and out of the index several times.

Comparison of today's constituents with the original 100, dating back to the start of 1984, shows a similarly mixed picture. The original list contained plenty of old manufacturing names now vanished as independent entities, such as Plessey, Ferranti and Hawker Siddeley. But it also had its share of vanished service companies: Exco, Globe Investment Trust and BET.

Closer investigation confirms the pattern. In 1984, just over half the index – around 58 stocks – consisted of companies which made things, whether beer, chocolate, chemicals or buildings. Today's list – depending on definitions – contains 56. The number of retailers, meanwhile, is constant at 12. The number of banking and financial service companies has fallen from 21 to 17.

The biggest change in those 12 years, of course, has been the privatisation of utilities. The effect of this has proved slightly unexpected. Originally, it was thought that the inclusion of boring water and electricity companies would make the UK equity market more stable. Instead, bid activity and the vagaries of the regulators have had the opposite effect.

The utilities have also weighed against any trend to de-materialising Britain's wealth. Reservoirs, gas pipes, power stations and pylons are nothing if not physical assets. Economically speaking, there is nothing whatever wrong with a nation gaining its wealth from services. In stock market terms, though, the UK is not there yet.

The trauma of the truth

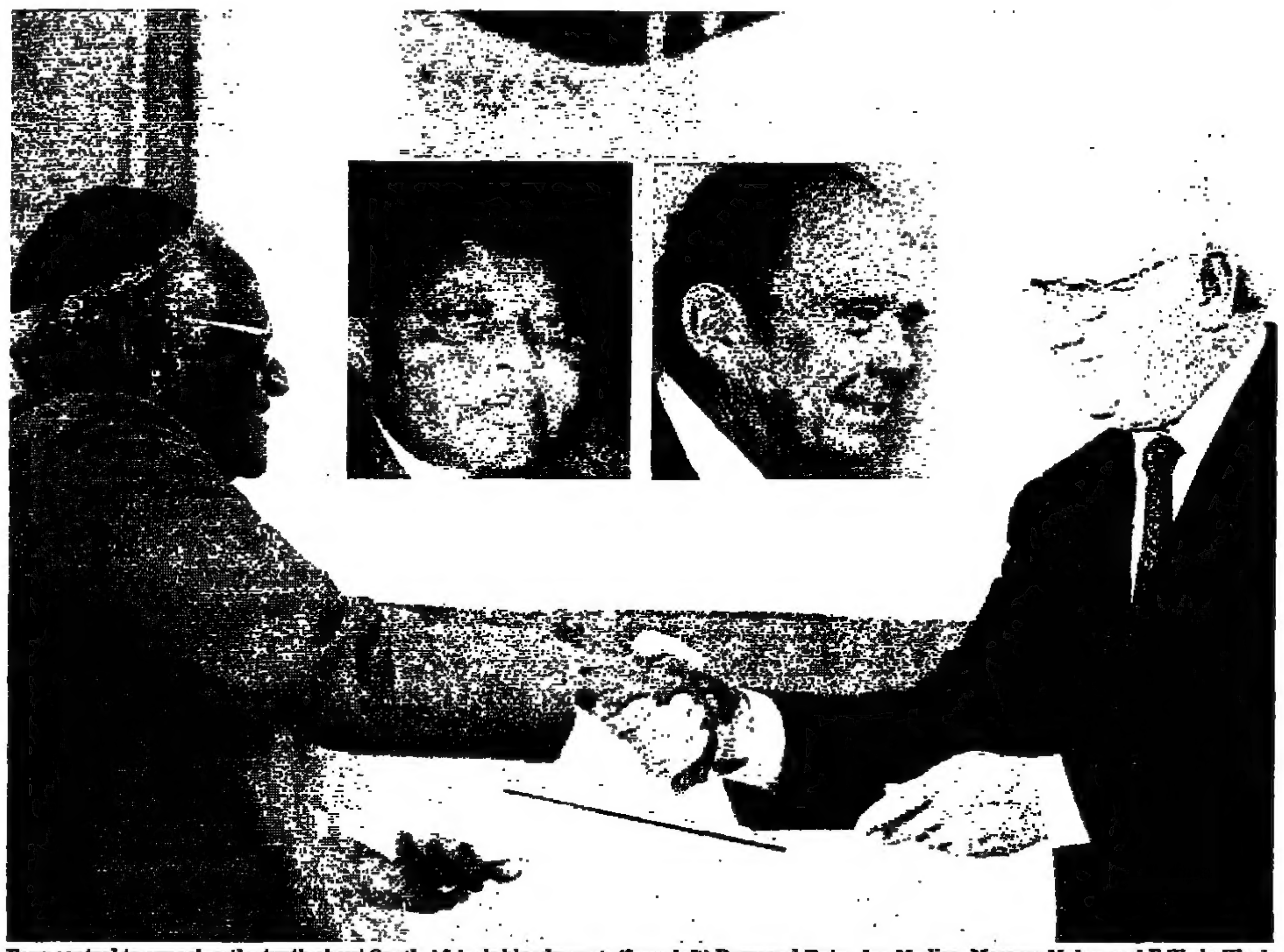
South Africa's former combatants have little time left to disclose knowledge of human rights violations, writes **Roger Matthews**

Time is running out for South Africa's former political and military masters, and those who acted in their name. They have just 24 more hours to decide whether to confess all they know about about the horrendous human rights violations committed by the security forces during the apartheid years.

If they do, and their acts are judged to have been committed for political purposes, they can be granted amnesty. But failure to disclose could mean living the rest of their lives under the threat of criminal or civil prosecution.

They are not alone in their dilemma. Senior members of the politically dominant African National Congress, including some who now sit in or close to government, face the same choice. They have the option of admitting their role in the bombings and killings, including the vicious treatment of suspected informers and the execution of others in guerrilla training camps, or of remaining silent.

The process is an essential part of the political compromise hammered out in 1993 which led to South Africa's first fully democratic elections, and the transfer of power to the ANC the following May. Part of the agreement was that a Truth and Reconciliation Commission should be established. The aim was not retribution, but to expose the truth about South Africa's bloody past. By so doing, wounds would be allowed to heal, a fresh start be made, and a way found to avoid such calamities in future.



Four central to exposing the truth about South Africa's bloody past: (from left) Desmond Tutu, Joe Modise, Magnus Malan and F.W. de Klerk

The Truth Commission is also facing critical weeks. Since it was established early this year, much of its time has been taken up hearing the accounts of victims and survivors of tragedies. The maimed, the mentally scarred, mothers desperate to know the fate of sons, daughters the fate of fathers, some bitter, others weeping, a few vengeful, others forgiving, have appeared at hearings throughout the country. Sometimes the audiences have been large, other times sparse, but always predominantly black.

Archbishop Desmond Tutu, who heads the commission, has warned of the serious consequences for the nation if a line cannot be satisfactorily drawn under the shocking events of the years from 1960 to 1993. "After seeing the reactions of victims and the public to the atrocities which have been revealed, can anyone doubt that despite more than two years of democracy, South Africans remain a traumatised people?" he asks.

For the past few weeks he has been meeting the leaders of political parties to explain again the potentially serious consequences of them not urging their members to apply for amnesty.

The reasons for not coming forward are many. There is widespread scepticism whether the Truth Commission, with its 60 investigators and limited budget, can in the 24 months it has been allotted possibly unearth the truth behind so many gross human rights violations spread over more than 30 years.

The acquittal of General Magnus Malan, former defence minister, and other high-ranking officers on 13 charges of murder following a six-month trial in Durban this year reinforced doubts that South Africa's overstretched police and creaky legal system could ever successfully prosecute more than a handful of cases. Gen Malan has since urged soldiers not to apply for amnesty, and to take their chance with the courts.

Among participants on both sides of the bitter struggle there also remains a strong belief that they were fighting for a just cause, on one side to liberate the nation from the tyranny of apartheid, on the other to maintain a bulwark against the spread of communism and Soviet influence.

And the work of the Truth Commission cannot be divorced from contemporary politics. While some present and former security officers might fear physical retaliation if they confess, the politicians are also mindful of the damage that could be inflicted on them by the electorate, both regionally and nationally.

Mr F.W. de Klerk, president from 1989 until 1994 and, like Archbishop Tutu, a Nobel Peace Prize winner, again apologised for the excesses committed under apartheid when, as leader of the opposition National party, he presented its submission to the Truth Commission. But he would not accept full responsibility, and does not plan to seek amnesty.

"I retain my deepest respect for our former leaders," he told the commission in August. "Within the context of their time, circumstances and convictions, they were good and honourable men, though history has shown that as far as the policy of apartheid was concerned they were deeply mistaken in the course on which they embarked."

He also sought to exonerate himself for what he did while president. "No president, minister, commanding officer, or indeed archbishop, can know everything that takes place," he said. "In dealing with unconventional strategies [to counter ANC guerrillas], I want to make it clear that within my knowledge and experience they never included the authorisation of assassination, murder, rape or assault."

The ANC was rather more forthcoming, providing some details of guerrilla actions it had ordered, and a list of people who had been executed in its training camps. But Mr Thabo Mbeki, the deputy president, insisted that the ANC was fighting a "just war", a view expressed more forcefully by other senior members of the organisation who have questioned the moral need to apply for amnesty.

But the most unco-operative was Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha Freedom party, in whose home province of KwaZulu-Natal some of the worst violence occurred. He regretted the loss of life, but knew nothing more specific. No senior members of the party have yet applied for amnesty.

Elsewhere, however, the Truth Commission senses that it is making progress, or even that a dam may be about to burst. With the December 14 deadline for amnesty at hand, applications and inquiries about procedures have mushroomed, averaging more than 100 a day. The majority of the more than 3,800 applications already received have come from people in jail.

More important, the seniority of the applicants is increasing. Five senior white police officers have been giving what members of the the commission believe is crucial information. Mr Joe Modise, who headed ANC military operations in the 1980s and is now minister of defence, has applied for amnesty, as has Mr Adriaan Vlok, the former minister for law and order.

Such has been the recent surge of applications that the Truth Commission would like President Nelson Mandela to extend the deadline by another three months. But this would make it even harder for the commission to complete its work within the two-year limit, thereby extending the pain for a nation which is being forced to confront a range of harsh economic and social decisions.

South Africans have also discovered this week the anguish of giving amnesty. Mr Brian Mitchell, a former police captain, had been sentenced to death in 1992 on 11 counts of murder and two of attempted murder. His death sentence was commuted to 30 years' imprisonment just before the 1994 general election. This week he walked free, having been granted amnesty. The committee hearing his application decided the massacre in KwaZulu-Natal in which he was implicated had been part of the "total onslaught" against the ANC, and Mr Mitchell had behaved "within the scope of his official duties".

Angry outbursts followed from several of the victims' families, and more are sure to follow. Mr Mitchell is only the first of several high-profile convicted killers who expect to be granted amnesty. Much of the public anger has focused on allowing such men to walk free while nothing has been decided on compensating the victims, which forms another essential part of the Truth Commission's work.

One of its three committees is specifically charged with providing a framework and with working out details of reparation and rehabilitation for victims and their families. Its work is progressing but reparations will require money from a government committed to reducing the budget deficit. The results of its recommendations will be an essential counterbalance to amnesty, but no one yet has any idea how much it will cost.

Striking a balance between freedom for the perpetrators of crimes, and "restoring the human and civil dignity of the victim", as its mandate demanded, was always going to be a near-impossible task for the commission. Such an achievement would require the whole-hearted co-operation of everyone involved. It is already clear that this will not be forthcoming.

The commissioners have the sensitive task next year of deciding how vigorously they will press reluctant witnesses. Political leaders can be sure of intense cross-examination on the submissions they have already made. Mr Alex Boraine, deputy to Archbishop Tutu, says there are many big gaps and omissions to be probed, and subpoenas can be issued for anyone who refuses to appear.

At the same time the commission wants to avoid giving the impression that it is becoming the "witch hunt" that its detractors always claimed it would be. But people are going to be bruised, perhaps badly – as others believe they should be. The danger is that in its determination to reveal the truth, the commission could inflame existing wounds rather than heal them.

· OBSERVER ·

Romiti in the driving seat

■ The political ambitions of Cesare Romiti, the forceful chairman of Fiat, are often discussed but never proven. However, the 73-year-old Fiat boss has just given another demonstration of his power by ensuring that his appointee has been made editor of Il Sole 24 Ore, the authoritative voice of Italian business.

The new editor, Ernesto Auci, was touted by Romiti for some six months and was previously Fiat's chief press officer. Auci, 50, had earlier worked at Sole, rising to be a deputy editor. But in 1984 he moved into public relations, working for eight years at Confindustria – the industrialists confederation and main Sole shareholder – before joining Fiat in 1992.

Confindustria has never concealed its interest in Sole, but Auci's previous links with the organisation and Fiat, its most powerful member, have raised eyebrows.

Auci is not the only editor picked by Romiti. In May, he played a big hand in selecting the new editor of La Stampa, the Turin daily owned by the Agnelli family. He is also thought to exercise considerable sway at Corriere della Sera, the most influential Italian daily, in which Fiat-Agnelli interests have a significant stake.

Romiti is due to retire from Fiat in 18 months' time. But he has already begun to make carefully chosen remarks which have stirred the political waters. The most recent was an interview flatly contradicting government policy on the EU, saying it was better to delay entry into the single currency. Giovanni Agnelli, now honorary chairman of Fiat, would never have been so blunt when he was in charge.

Handover fist

■ Does the anticipated departure in January of Jiang Enzhu, China's ambassador to the UK, mean that Beijing is downgrading relations with the UK? After all, Jiang is a former vice-minister in Beijing's foreign ministry. His appointment a year ago was taken as a sign of the importance China attached to its bilateral relations with Britain in the run-up to July's handover of Hong Kong.

But despite his shorter than expected stint in London, Jiang looks likely to remain heavily involved in matters relating to Hong Kong. A courteous man with excellent English and formidable mastery over the technicalities of the handover, he is now tipped to become the foreign ministry's senior man in the territory. Jiang's experience at the Court of St James makes him eminently qualified for the job. British officials still wince when they recall his chilling determination in the abortive bilateral negotiations over the Patten democracy reforms – and his equally tough stand in subsequent negotiations on the court of final appeal. Sounds like a tough cookie.

Low spirits

■ Swedish finance minister Erik Asbrink has been in poor humour this past fortnight. The tough-talking Social Democrat went ballistic after Swedish insurer Skandia offered to merge with the mortgage bank Stadshypotek – now also subject of a bid from Handelsbanken – cheekily pre-empting his plans to auction the state's 34 per cent stake in the bank. Asbrink ranted for several days against Stadshypotek's directors for accepting the offer, issuing veiled threats to unseat them by calling a shareholders' meeting.

No sooner did he begin to calm down than he ran into another mess. Few things upset egalitarian Swedes more than extravagant executive pay, so Asbrink must have reckoned on currying electoral favour by announcing tougher rules for the remuneration of managers in state-run companies. Instead, he found himself spotlighted for breaches of existing guidelines by Vin & Sprit, the state-owned alcohol wholesaler of which Asbrink was a director until this year.

Oversights included a failure to disclose in the annual report details of "golden parachutes" and pension benefits. A terse statement by Asbrink, issued to Swedish Television through his press secretary, said he took his share of responsibility for the omissions. Some days nothing seems to go right.

Trade games

■ As the ministerial conference of the World Trade Organisation draws to a close in Singapore, weary diplomats are searching for suitable descriptions of the chaotic negotiating sessions which kept many of them awake into the early hours. Prize for the wittiest summing-up goes to an EU official, who says the whole event is like a combination of three board games.

The first is Cluedo, because you have to guess who did what to whom in which room; the second is Monopoly, because it seems to go on forever and causes regular family quarrels; the third is snakes and ladders, because as soon as you think you've got somewhere, you find you're back where you started.

The Financial Times 50 years ago

Grain From Canada
Winnipeg, 12th Dec. Up to date only about 50 per cent of the grain shipments expected by the British Ministry of Food under the Canadian contract have been forthcoming – namely about 20 million bushels in October and the same for November. Delays are causing increases in the dollar costs. It is held here that the negotiators of the wheat agreement were inexperienced and had little appreciation of the problems of the transportation and handling of grain, or they could have foreseen the problems of transportation which obviously would arise in the movement of such a large quantity of wheat overseas.

No Change In Rupee
A message received from Delhi yesterday states that the Indian Government has notified the International Monetary Fund that no change was called for in the par value of the rupee. This disposes of recent suggestions that the new Indian Government was considering a downward adjustment in the value of the rupee.

U.S. Copper Price
The export price for U.S. copper, f.a.s. New York, has been advanced one cent to 19.50 cents per pound.

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FINANCIAL TIMES
Friday December 13 1996

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Plan needs support of other countries

Trade powers seek end to IT tariffs by 2000

By Guy de Jonquières in Singapore

The world's four biggest trading powers yesterday agreed to eliminate tariffs on most information technology products by 2000.

The US, the European Union, Japan and Canada, which generate more than half of world IT trade, launched a push to persuade other countries to back a draft accord by March 15.

They say that countries covering about 90 per cent of total trade in the industry must agree to abolish tariffs for the deal to go ahead.

Under the planned agreement, tariffs on IT trade valued at about $500bn a year would be eliminated by 2000. The deal would cover products including semiconductors, computers, telecommunications equipment and many types of software.

The EU expected at least 10 countries to add their support to the accord today, the last day of the World Trade Organisation's ministerial meeting in Singapore. Their participation would raise the proportion of trade covered to 85 per cent.

"I am very very optimistic that others will come on board and that we will get a deal by March 15," Mr Peter Carl, the EU's chief negotiator said.

Ms Charlene Barshefsky, acting US trade representative, said an agreement had not yet been clinched but hoped it would start to take shape today.

Sir Leon Brittan, EU trade commissioner, said an IT agreement would be the biggest trade liberalisation measure since the Uruguay Round negotiations ended three years ago.

Mr Ian Lang, UK trade and industry secretary, put the duty savings on Britain's IT exports at £250m a year. The proposed deal was hammered out after four days of intensive EU-US negotiations, in which Brussels appeared to secure the biggest concessions.

It overcame US reluctance to scrap tariffs on capacitors, digital photocopiers, fibre-optic cables and computer screens, while rebuffing US pressure to remove tariffs on music and entertainment software.

The US successfully resisted EU demands that the deal should cover graphic display tubes and raw optical fibres. However, Washington agreed, as compensation, to eliminate its tariffs on brown and white spirits, such as whisky, cognac and gin, saving duties of $35m a year on EU exports.

US and EU tariffs on IT products may be eliminated before 2000 if the two sides can agree a formula for accelerating the cuts. The EU has proposed removing all IT tariffs by 1998. But the US wants to abolish them immediately only on semiconductors, on which EU tariffs are the highest in the industrialised world.

The EU said the US and Asian exporters would gain most from the proposed agreement, which it expected would increase its own IT trade deficit. But Brussels said many of its industries would benefit from cheaper imports of IT equipment and components.

Governments expected to back the agreement today include South Korea, Singapore, Hong Kong, Indonesia and Taiwan, which is not yet a WTO member.

Malaysia, which is the world's largest semiconductor exporter and has expressed reservations about aspects of the WTO agreement, has still to commit itself.

Long Yongtu, China's assistant foreign trade and economic minister, at the WTO conference in Singapore yesterday AP

WTO refuses to link trade to labour rights, Page 8
Observer, Page 21

UK plans extra cull in attempt to end beef ban

By George Parker and Maggie Urry in London,

The British government will announce plans on Monday for a selective cull of up to 125,000 extra cattle in a last-ditch attempt to persuade the European Union to end its worldwide ban on British beef exports.

Mr Douglas Hogg, agriculture minister, won agreement for the cull in a behind closed doors deal late on Wednesday night after Mr Kenneth Clarke, the chancellor, approved the estimated £150m-£200m ($247m-$330m) needed for the scheme.

The cull of those cattle thought most likely to develop BSE will be implemented early in 1997. The government believes the move would represent the final condition agreed by Britain at the EU summit in Florence last June for a possible lifting of the ban

Nonetheless, Mr Hogg is privately concerned the new cull – which was welcomed by UK farmers last night – will not be enough to persuade Germany and other sceptical EU member states to end the ban.

"If we carry out the selective cull, we will have fulfilled all our obligations under the Florence agreement, but it still might not be enough," admitted one senior government official.

Only three months ago, Mr Hogg indicated that the UK would not carry out the selective cull, pointing to new scientific evidence that the disease would die out from the national herd by 2001.

But since September, he has come under increasing pressure from farmers to honour the agreements made at Florence in the hope that it might lead to some lifting of the export ban.

However, the plan is likely to be opposed by some Eurosceptic members of Parliament in the ruling Conservative party. Last night, Sir Teddy Taylor, the Eurosceptic MP for *Southend East*, said: "Before we spend another pound on an additional cull, we must have a specific assurance from the EU that the ban will be lifted."

Officials said it could take some time to track down those animals thought to have eaten possibly contaminated cattle feed in the 1980s, although the task would be easier in Northern Ireland where a computer database tracking cattle movement has been in place for many years.

Mr Hogg is understood to be willing to press for the ban on beef from selected BSE-free herds in Northern Ireland to be lifted before those elsewhere in the UK, if the cull is completed first in the province.

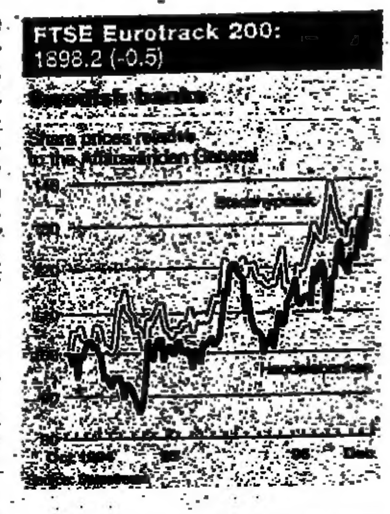
THE LEX COLUMN

Revamping AMP

AMP, Australia's largest life assurer, has powerful reasons to follow some of its smaller competitors and demutualise. Its management rightly wants to run the organisation as a proper company; with shareholders to please, the disciplines on the business should be sharper. Yet this high-minded argument would be more compelling if AMP was not also suggesting that shareholdings of more than 5 per cent should be blocked.

This is not an academic point. Some really hefty institutional shareholders in AMP, and – and ultimately – the threat of takeover, would be a useful discipline on the unnerving enthusiasm for overseas expansion voiced by its management yesterday. The risk is obvious; with growth prospects at home dull and currently constrained by regulation, the temptation to splurge some of AMP's plentiful capital on dubious "strategic" acquisitions abroad is great. Of course, AMP did manage to pick up a bargain when it bought the UK's Pearl in 1989. But such opportunities do not grow on trees. By and large, foreign acquisitions are unlikely to generate enough real synergy benefits for AMP to justify the premium it would have to pay.

If this sort of spending spree is on the cards it is better AMP should have to defend it to at least some shareholders. But if their holdings are too small for them to have real clout, this may well not be enough. So the victims of the restriction AMP is proposing are all too likely to be the group's own members.



Thomson

The French government's decision to split the privatisation of Thomson into two is a small step in the right direction. Thomson Multimedia, the troubled consumer electronics side, will still need a subsidy; but, given that the cash injection will now be transparent, the European Commission should be able to insist on a tough recovery plan in return. An effective turnaround could even mean a bonus for France's taxpayers: when privatisation eventually occurs Multimedia could be worth more.

The more immediate hope must be that the government will launch a public offering for its 58 per cent stake in Thomson-CSF, the defence electronics arm. That could produce a better price than trade sale to a French company, the original scheme. More importantly, an independent privatised Thomson-CSF would be able to negotiate the cross-border alliances that make the most industrial sense – something a trade sale to Lagardère, one of the earlier bidders, would complicate.

France might worry that floating Thomson-CSF would leave Matra, Lagardère's smallish defence business, in the lurch. But that need not be so. Lagardère could still merge Matra into a privatised Thomson-CSF in return for a minority stake. A further advantage of doing so is that Thomson-CSF would be financially stronger than after a trade sale to Lagardère – and hence better able to take a leading part in the restructuring of Europe's defence industry. That should appeal to French national pride.

Stadshypotek

The Swedish government kicked up such a fuss over Stadshypotek's agreed takeover by insurance company Skandia that it would have looked remarkably foolish if it had not secured a better offer. Fortunately, its blushes have been saved by Handelsbanken, which has made a cash offer for the mortgage bank sufficiently generous to seem unlikely to be trumped.

The industrial logic for selling Stadshypotek to another Swedish financial services group was impeccable, given the rate at which it was losing market share. Both the management and the largest shareholder, the government, were agreed on this front. Nonetheless, a bank was always the obvious buyer. Handelsbanken could axe Stadshypotek's head office, several of its 39 regional offices and a large chunk of its information technology bill. By comparison, Skandia was looking for so-called financial synergies; namely, it could raid Stadshypotek's balance sheet to fund its own investment plans.

Handelsbanken can justify offering more than Skandia, but this price appears high. Handelsbanken's cost-cutting plans look restrained, ruling out compulsory redundancies. The combined group's vast share of Sweden's dwindling mortgage market will come under pressure, as will its lending margins. Handelsbanken is clearly keen to build up its size, in case European monetary union brings with it increased competition. Its shareholders may find size is not everything.

Rank

The honeymoon for Mr Andrew Teare, Rank's chief executive, is over. Rank's shares have dropped 18 per cent since his arrival in April. The rot started with concerns about whether his strategic review could generate growth from Rank's patchy business portfolio. It continues with worries about whether he will even stick to this strategy, following the questionable £113m acquisition of Tom Cobleigh.

However, there have been important changes. He has lopped the riskier elements of his predecessor's £1.5bn investment programme. Hard Rock is finally getting the management attention, and cash, that it deserves. And he has rejuvenated senior management. Given the group's problems, from underinvestment in its cinema business to the future obsolescence of its video duplication business, there were no quick fixes. But the group's comparatively low divisional profit margins suggest Mr Teare has plenty to go for.

Next week's trading update should show a pick-up in momentum, which would increase confidence in the returns achievable from Rank's investment programme. Mr Teare would encourage greater confidence by giving shareholders much of the £1bn proceeds from a likely sale of its Rank Xerox stake next year. That would remove the management's temptation to over-spend. Given strong cashflow, a raft of bankable businesses and a possible eventual flotation of its Universal Studios joint venture, Rank would retain substantial firepower for the right deals.

Lex comment on Wickes, Page 27

AMP hopes for stock market listing

Continued from Page 1

members in Australia, 230,000 in New Zealand and a further 200,000 in the UK.

That includes policyholders with its UK branch and with London Life, the British-based mutual which merged with the AMP in 1989 but which has since been closed to new business.

However, the 2m policyholders in Pearl, the UK-based life office acquired by AMP in 1989, will not be eligible for shares. Unlike London Life, Pearl was a shareholder-owned company when it was bought by AMP and policyholders do not have membership rights.

AMP, which was founded in 1849 and has around A$90bn under management, is the third big Australian life office to pursue demutualisation - following National Mutual and Colonial Mutual. Members are likely to be asked to vote on the plan in the second half of 1997.

If they approve, the shares will be listed in Australia, New Zealand and probably the UK. AMP said that it expects to adopt some anti-takeover provisions for the listing.

Mr Trumbull said that a 5 per cent cap on any single shareholding for five years was one option. This was being discussed with regulatory authorities.

He added that evaluating the demutualisation option had cost the group about A$10m so far. The next stage, up to the listing itself, could cost another further A$50m-A$100m.

Handelsbanken bids for mortgage bank

Continued from Page 1

prised Swedish banking observers who thought Stadshypotek's price tag and Skandia's interest would deter rivals.

Mr Martensson said the acquisition would boost Handelsbanken's earnings per share by 26 per cent over five years. He said benefits would flow chiefly from rationalisation, but also from lower credit costs and extra business.

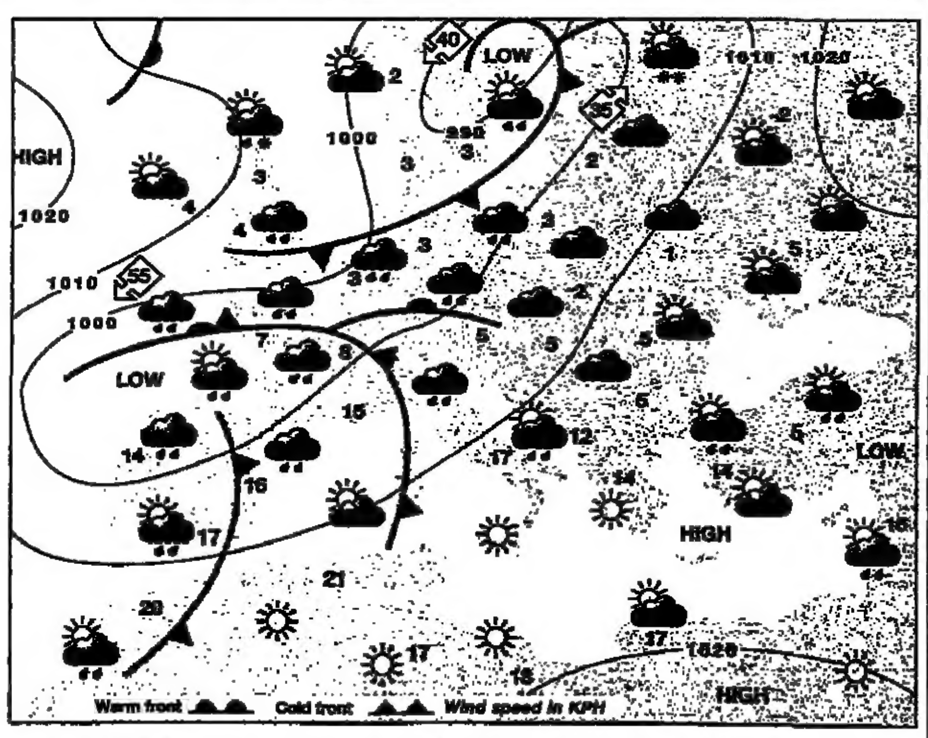
FT WEATHER GUIDE

Europe today

Europe will become unsettled. The high pressure that brought misty conditions to much of the continent over the past few days is moving slowly eastwards.
Low pressure in the Gulf of Biscay is bringing cloud and rain to Spain and France.
More low pressure over Scandinavia will bring overcast conditions with widespread snow.
The Benelux will be cloudy with rain.
Eastern Europe will have high pressure.

Five-day forecast

Europe will have westerly winds.
The western part of the continent will be cloudy with showers or rain.
Low pressure in the Mediterranean will move east to Italy and the Adriatic sea, bringing heavy rain.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

		Beijing	fair 10	Caracas	fair 29	Faro	rain 16	Madrid	shower 12
		Belfast	cloudy 2	Cardiff	fair 4	Frankfurt	cloudy 5	Majorca	cloudy 18
Abu Dhabi	sun 24	Belgrade	fair 7	Casablanca	rain 19	Geneva	rain 7	Malta	fair 18
Accra	fair 30	Berlin	rain 3	Chicago	fair 5	Gibraltar	rain 18	Manchester	cloudy 2
Algiers	fair 21	Bermuda	thund 22	Cologne	drzzl 3	Glasgow	cloudy 9	Manila	fair 30
Amsterdam	rain 4	Bogota	fair 20	Dakar	fair 26	Hamburg	cloudy 1	Melbourne	sun 25
Athens	fair 13	Bombay	sun 33	Dallas	sun 21	Helsinki	sleet 1	Mexico City	sun 25
Atlanta	fair 16	Brussels	drzzl 3	Delhi	sun 23	Hong Kong	fair 19	Miami	fair 26
B. Aires	fair 28	Budapest	cloudy 4	Dubai	sun 25	Honolulu	shower 27	Milan	rain 7
B.ham	fair 3	C.hagen	cloudy 4	Dublin	fair 3	Istanbul	shower 11	Montreal	ice 0
Bangkok	fair 34	Cairo	sun 18	Dubrovnik	fair 9	Jakarta	cloudy 31	Moscow	cloudy -1
Barcelona	shower 16	Cape Town	fair 25	Edinburgh	fair 3	Jersey	drzzl 6	Munich	drzzl 8
						Karachi	sun 29	Nairobi	fair 25
						Kuwait	sun 24	Naples	shower 13
						L. Angeles	fair 21	Nassau	fair 28
						Las Palmas	shower 23	New York	rain 6
						Lima	fair 24	Nice	rain 14
						Lisbon	rain 14	Nicosia	shower 15
						London	drzzl 5	Oslo	fair 0
						Lux.bourg	rain 4	Paris	rain 6
						Lyon	shower 8	Perth	fair 23
						Madeira	shower 20	Prague	fair 3

Rangoon	fair 33
Reykjavik	fair 3
Rio	rain 26
Rome	fair 10
S. Frsco	fair 16
Seoul	fair 8
Singapore	shower 30
Stockholm	snow 0
Strasbourg	rain 6
Sydney	fair 22
Tangier	rain 16
Tel Aviv	shower 19
Tokyo	shower 11
Toronto	rain 3
Vancouver	rain 7
Venice	cloudy 8
Vienna	fair 4
Warsaw	cloudy 3
Washington	rain 9
Wellington	shower 18
Winnipeg	fair -7
Zurich	cloudy 4

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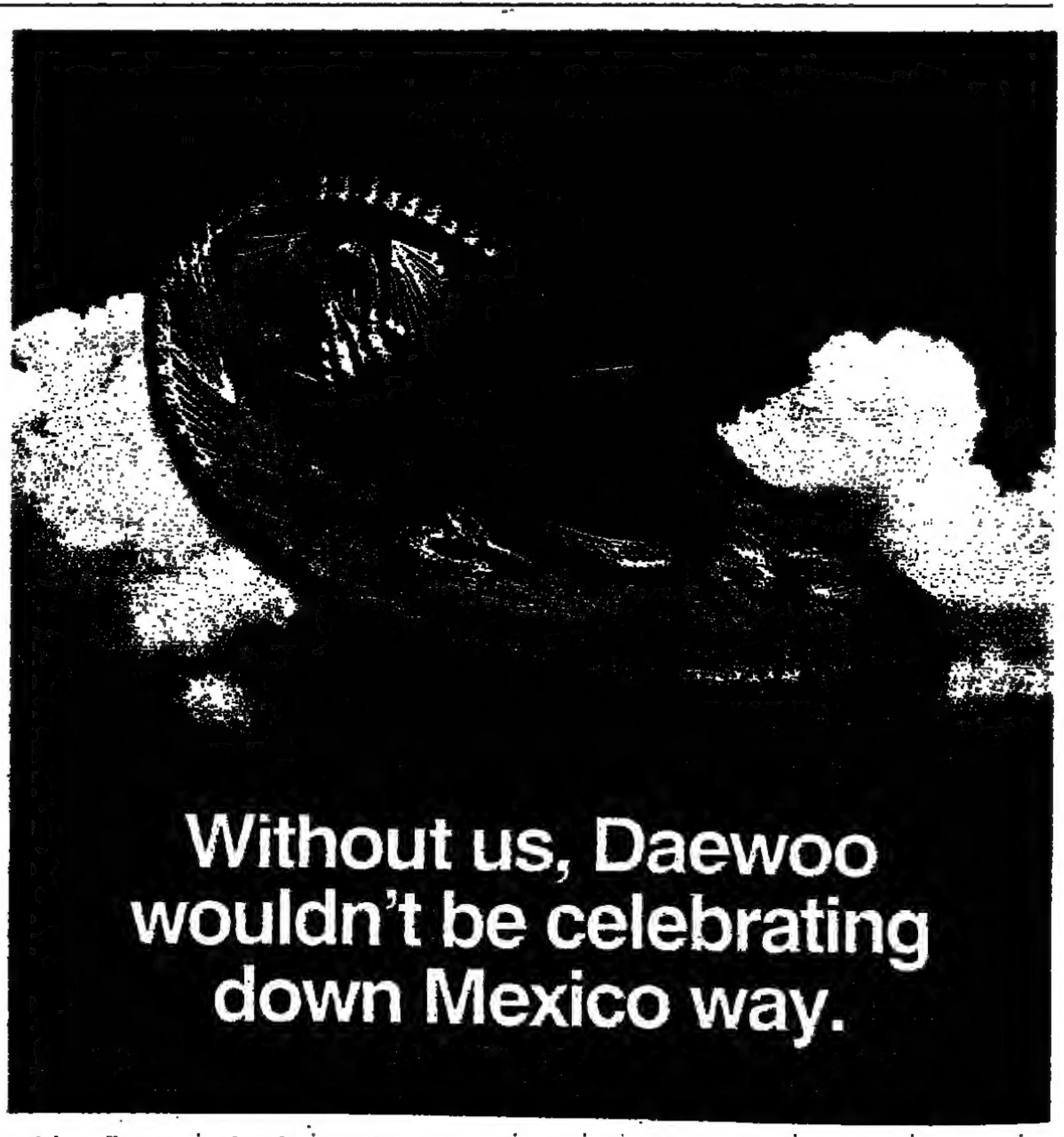

It's hats off to Daewoo whose first North American manufacturing facility at Querétaro, Mexico is opening the door to a refrigerator market worth some £200 million. Strengthening the partnership forged through serving Daewoo's automotive division in Korea, **Bundy** has been selected as sole supplier of condensers.

'Hot wall' condensers, which **Bundy** will deliver 'just in time', are built into the refrigerator walls. This reduces unit depth enabling Daewoo to incorporate thicker insulation to cut energy consumption and comply with environmental regulations. By 1997, with **Bundy's** help, an estimated 250,000 refrigerators could be heading north from south of the border.

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